HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2013

OF THE CONDITION AND AFFAIRS OF THE

Care Improvement Plus South Central Insurance Company

NAIC Group Code 0707 (Current) 4443 (Prior) NAIC Company Code 12567 Employer's ID Number 20-3888112

Organized under the Laws of Arkansas, State of Domicile or Port of Entry Arkansas

Country of Domicile United States of America

Licensed as business type: Life, Accident & Health

Is HMO Federally Qualified? Yes [ ] No [ ]

Incorporated/Organized 01/13/2006 Commenced Business 01/01/2007

Statutory Home Office 11219 Financial Center Parkway, Suite 240 (Street and Number), Little Rock , AR, US 72211 (City or Town, State, Country and Zip Code)

Main Administrative Office 351 W. Camden Street, Suite 100 (Street and Number)

Baltimore , MD, US 21201 (City or Town, State, Country and Zip Code), (410)625-2200 (Area Code) (Telephone Number)

Mail Address 3900 McCarty Lane, Suite 220 (Street and Number or P.O. Box), Lafayette , IN, US 47905 (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 351 W. Camden Street, Suite 100 (Street and Number)

Baltimore , MD, US 21201 (City or Town, State, Country and Zip Code), (410)625-2200 (Area Code) (Telephone Number)

Internet Website Address www.careimprovementplus.com

Statutory Statement Contact Lisa Ann Mann (Name), 765-269-2231 (Area Code) (Telephone Number)

lisa_a_mann@uhc.com (E-mail Address), 765-269-2222 (FAX Number)

OFFICERS

President	John Lawrence Larsen	Treasurer	Robert Worth Oberrender
Secretary	Ragenea Kay Thompson #	Chief Financial Officer	William Joseph Hnath #

OTHER

Daniel Jay Friedman Chief Legal Officer, Assistant Secretary

Michelle Marie Huntley Assistant Secretary

DIRECTORS OR TRUSTEES

William Joseph Hnath #

Cynthia Longseth Polich

Scott Edwin Theisen #

State of
County of

State of
County of

State of
County of

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

John Lawrence Larsen
President

Ragenea Kay Thompson
Secretary

Subscribed and sworn to before me this
day of

Subscribed and sworn to before me this
day of

Subscribed and sworn to before me this
day of

a. Is this an original filing?................................... Yes [X] No [ ]

b. If no,

1. State the amendment number……………...
2. Date filed…………………………………..
3. Number of pages attached…………………

ASSETS

		Current Year			Prior Year
		1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1.	Bonds (Schedule D)	387,900,811	0	387,900,811	121,119,604
2.	Stocks (Schedule D):				
	2.1 Preferred stocks	0	0	0	0
	2.2 Common stocks	0	0	0	0
3.	Mortgage loans on real estate (Schedule B):				
	3.1 First liens	0	0	0	0
	3.2 Other than first liens	0	0	0	0
4.	Real estate (Schedule A):				
	4.1 Properties occupied by the company (less $ 0 encumbrances)	0	0	0	0
	4.2 Properties held for the production of income (less $ 0 encumbrances)	0	0	0	0
	4.3 Properties held for sale (less $ 0 encumbrances)	0	0	0	0
5.	Cash ($ (71,592,859) , Schedule E - Part 1), cash equivalents ($ 0 , Schedule E - Part 2) and short-term investments ($ 135,104,058 , Schedule DA)	63,511,199	0	63,511,199	304,945,748
6.	Contract loans, (including $ 0 premium notes)	0	0	0	0
7.	Derivatives (Schedule DB)	0	0	0	0
8.	Other invested assets (Schedule BA)	0	0	0	0
9.	Receivables for securities	0	0	0	0
10.	Securities lending reinvested collateral assets (Schedule DL)	0	0	0	0
11.	Aggregate write-ins for invested assets	0	0	0	0
12.	Subtotals, cash and invested assets (Lines 1 to 11)	451,412,010	0	451,412,010	426,065,352
13.	Title plants less $ 0 charged off (for Title insurers only)	0	0	0	0
14.	Investment income due and accrued	1,549,539	0	1,549,539	459,735
15.	Premiums and considerations:				
	15.1 Uncollected premiums and agents' balances in the course of collection	58,379,312	2,763,452	55,615,860	27,900,832
	15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ 0 earned but unbilled premiums)	0	0	0	0
	15.3 Accrued retrospective premiums	0	0	0	0
16.	Reinsurance:				
	16.1 Amounts recoverable from reinsurers	55,617	0	55,617	620,159
	16.2 Funds held by or deposited with reinsured companies	0	0	0	0
	16.3 Other amounts receivable under reinsurance contracts	0	0	0	0
17.	Amounts receivable relating to uninsured plans	4,112,610	99,701	4,012,909	19,266,266
18.1	Current federal and foreign income tax recoverable and interest thereon	0	0	0	0
18.2	Net deferred tax asset	20,114,504	872,807	19,241,697	8,898,309
19.	Guaranty funds receivable or on deposit	0	0	0	0
20.	Electronic data processing equipment and software	0	0	0	0
21.	Furniture and equipment, including health care delivery assets ($ 0)	0	0	0	0
22.	Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0	0
23.	Receivables from parent, subsidiaries and affiliates	1,879	1,879	0	2,075
24.	Health care ($ 33,590,117) and other amounts receivable	86,282,283	52,692,166	33,590,117	19,213,004
25.	Aggregate write-ins for other than invested assets	383,580	0	383,580	0
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	622,291,334	56,430,005	565,861,329	502,425,732
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0	0
28.	Total (Lines 26 and 27)	622,291,334	56,430,005	565,861,329	502,425,732
	DETAILS OF WRITE-INS				
1101.					
1102.					
1103.					
1198.	Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199.	Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0	0
2501.	State Income Tax Receivable	383,580	0	383,580	0
2502.					
2503.					
2598.	Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599.	Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	383,580	0	383,580	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Year 1 Covered	2 Uncovered	3 Total	Prior Year 4 Total
1. Claims unpaid (less $ 0 reinsurance ceded)	178,794,554	0	178,794,554	141,619,932
2. Accrued medical incentive pool and bonus amounts	3,810,276	0	3,810,276	2,644,221
3. Unpaid claims adjustment expenses	3,277,977	0	3,277,977	2,660,744
4. Aggregate health policy reserves, including the liability of $ 0 for medical loss ratio rebate per the Public Health Service Act	21,072,871	0	21,072,871	14,505,152
5. Aggregate life policy reserves	0	0	0	0
6. Property/casualty unearned premium reserves	0	0	0	0
7. Aggregate health claim reserves	0	0	0	0
8. Premiums received in advance	2,157	0	2,157	0
9. General expenses due or accrued	0	0	0	6,768,712
10.1 Current federal and foreign income tax payable and interest thereon (including $ 0 on realized capital gains (losses))	6,809,675	0	6,809,675	8,533,693
10.2 Net deferred tax liability	0	0	0	0
11. Ceded reinsurance premiums payable	0	0	0	154,105
12. Amounts withheld or retained for the account of others	0	0	0	0
13. Remittance and items not allocated	1,515,770	0	1,515,770	0
14. Borrowed money (including $ 0 current) and interest thereon $ 0 (including $ 0 current)	0	0	0	0
15. Amounts due to parent, subsidiaries and affiliates	2,349,925	0	2,349,925	0
16. Derivatives	0	0	0	0
17. Payable for securities	0	0	0	0
18. Payable for securities lending	0	0	0	0
19. Funds held under reinsurance treaties (with $ 0 authorized reinsurers, $ 0 unauthorized reinsurers and $ 0 certified reinsurers)	0	0	0	0
20. Reinsurance in unauthorized and certified ($ 0) companies	0	0	0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates	0	0	0	0
22. Liability for amounts held under uninsured plans	7,683,295	0	7,683,295	962,538
23. Aggregate write-ins for other liabilities (including $ 0 current)	0	0	0	0
24. Total liabilities (Lines 1 to 23)	225,316,500	0	225,316,500	177,849,097
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX	2,000,000	2,000,000
27. Preferred capital stock	XXX	XXX	0	0
28. Gross paid in and contributed surplus	XXX	XXX	181,562,960	181,562,960
29. Surplus notes	XXX	XXX	0	0
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	156,981,869	141,013,675
32. Less treasury stock, at cost:				
32.1 0 shares common (value included in Line 26 $ 0)	XXX	XXX	0	0
32.2 0 shares preferred (value included in Line 27 $ 0)	XXX	XXX	0	0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	340,544,829	324,576,635
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	565,861,329	502,425,732
DETAILS OF WRITE-INS				
2301.				
2302.				
2303.				
2308. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2309. Totals (Lines 2301 thru 2303 plus 2308)(Line 23 above)	0	0	0	0
2501.	XXX	XXX		
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	XXX	XXX	0	0
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098)(Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months	XXX	2,269,423	1,108,862
2.	Net premium income (including $ 0 non-health premium income)	XXX	2,470,940,594	1,633,361,127
3.	Change in unearned premium reserves and reserve for rate credits	XXX	(6,567,719)	15,873,835
4.	Fee-for-service (net of $ 0 medical expenses)	XXX	0	0
5.	Risk revenue	XXX	0	0
6.	Aggregate write-ins for other health care related revenues	XXX	0	0
7.	Aggregate write-ins for other non-health revenues	XXX	0	0
8.	Total revenues (Lines 2 to 7)	XXX	2,464,372,875	1,649,234,962
	Hospital and Medical:			
9.	Hospital/medical benefits	0	1,780,093,900	1,050,876,999
10.	Other professional services	0	29,473,618	18,184,409
11.	Outside referrals	0	0	0
12.	Emergency room and out-of-area	0	0	0
13.	Prescription drugs	0	189,638,124	93,477,186
14.	Aggregate write-ins for other hospital and medical	0	11,328,401	6,562,994
15.	Incentive pool, withhold adjustments, and bonus amounts	0	4,914,791	2,485,236
16.	Subtotal (Lines 9 to 15)	0	2,015,448,834	1,171,586,824
	Less:			
17.	Net reinsurance recoveries	0	(252,283)	567,735
18.	Total hospital and medical (Lines 16 minus 17)	0	2,015,701,117	1,171,019,089
19.	Non-health claims (net)	0	0	0
20.	Claims adjustment expenses, including $ 19,653,705 cost containment expenses	0	36,730,441	102,464,085
21.	General administrative expenses	0	287,128,013	137,560,910
22.	Increase in reserves for life and accident and health contracts (including $ 0 increase in reserves for life only)	0	0	0
23.	Total underwriting deductions (Lines 18 through 22)	0	2,339,559,571	1,411,044,084
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	124,813,304	238,190,878
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	0	799,953	175,538
26.	Net realized capital gains (losses) less capital gains tax of $ 6,592	0	(6,592)	28,381
27.	Net investment gains (losses) (Lines 25 plus 26)	0	793,361	203,919
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered $ 0) (amount charged off $ 332,559)]	0	(332,559)	1,252,804
29.	Aggregate write-ins for other income or expenses	0	0	0
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	125,274,106	239,647,601
31.	Federal and foreign income taxes incurred	XXX	43,731,976	77,333,942
32.	Net income (loss) (Lines 30 minus 31)	XXX	81,542,130	162,313,659
	DETAILS OF WRITE-INS			
0601.		XXX		
0602.		XXX		
0603		XXX		
0698.	Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699.	Totals (Lines 0601 thru 0603 plus 0698)(Line 6 above)	XXX	0	0
0701.		XXX		
0702.		XXX		
0703		XXX		
0798.	Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799.	Totals (Lines 0701 thru 0703 plus 0798)(Line 7 above)	XXX	0	0
1401.	Transportation Costs	0	11,328,401	6,562,994
1402.				
1403.				
1498.	Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499.	Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above)	0	11,328,401	6,562,994
2901.				
2902.				
2903				
2998.	Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999.	Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above)	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1 Current Year	2 Prior Year
	CAPITAL AND SURPLUS ACCOUNT		
33.	Capital and surplus prior reporting year	324,576,635	175,834,559
34.	Net income or (loss) from Line 32	81,542,130	162,313,659
35.	Change in valuation basis of aggregate policy and claim reserves	0	0
36.	Change in net unrealized capital gains (losses) less capital gains tax of $ 0	0	0
37.	Change in net unrealized foreign exchange capital gain or (loss)	0	0
38.	Change in net deferred income tax	9,837,168	(3,347,858)
39.	Change in nonadmitted assets	(27,732,327)	(10,223,725)
40	Change in unauthorized and certified reinsurance	0	0
41.	Change in treasury stock	0	0
42.	Change in surplus notes	0	0
43.	Cumulative effect of changes in accounting principles	0	0
44.	Capital Changes:		
	44.1 Paid in	0	1,250,000
	44.2 Transferred from surplus (Stock Dividend)	0	0
	44.3 Transferred to surplus	0	0
45.	Surplus adjustments:		
	45.1 Paid in	0	(1,250,000)
	45.2 Transferred to capital (Stock Dividend)	0	0
	45.3 Transferred from capital	0	0
46.	Dividends to stockholders	(40,000,000)	0
47.	Aggregate write-ins for gains or (losses) in surplus	(7,678,777)	0
48.	Net change in capital and surplus (Lines 34 to 47)	15,968,194	148,742,076
49.	Capital and surplus end of reporting period (Line 33 plus 48)	340,544,829	324,576,635
	DETAILS OF WRITE-INS		
4701.	Post Audit Correction of Error	(7,678,777)	0
4702.			
4703.			
4798.	Summary of remaining write-ins for Line 47 from overflow page	0	0
4799.	Totals (Lines 4701 thru 4703 plus 4798)(Line 47 above)	(7,678,777)	0

CASH FLOW

		1 Current Year	2 Prior Year
	Cash from Operations		
1.	Premiums collected net of reinsurance	2,428,045,841	1,623,174,442
2.	Net investment income	2,390,579	1,984,832
3.	Miscellaneous income	0	0
4.	Total (Lines 1 through 3)	2,430,436,420	1,625,159,274
5.	Benefit and loss related payments	2,018,830,408	1,186,526,194
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0
7.	Commissions, expenses paid and aggregate write-ins for deductions	305,961,849	233,765,939
8.	Dividends paid to policyholders	0	0
9.	Federal and foreign income taxes paid (recovered) net of $ 0 tax on capital gains (losses)	41,482,965	75,443,632
10.	Total (Lines 5 through 9)	2,366,275,222	1,495,735,765
11.	Net cash from operations (Line 4 minus Line 10)	64,161,198	129,423,509
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	50,045,506	25,685,886
	12.2 Stocks	0	0
	12.3 Mortgage loans	0	0
	12.4 Real estate	0	0
	12.5 Other invested assets	0	0
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
	12.7 Miscellaneous proceeds	0	0
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	50,045,506	25,685,886
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	319,507,143	39,492,397
	13.2 Stocks	0	0
	13.3 Mortgage loans	0	0
	13.4 Real estate	0	0
	13.5 Other invested assets	0	0
	13.6 Miscellaneous applications	0	0
	13.7 Total investments acquired (Lines 13.1 to 13.6)	319,507,143	39,492,397
14.	Net increase (decrease) in contract loans and premium notes	0	0
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(269,461,637)	(13,806,511)
	Cash from Financing and Miscellaneous Sources		
16.	Cash provided (applied):		
	16.1 Surplus notes, capital notes	0	0
	16.2 Capital and paid in surplus, less treasury stock	0	0
	16.3 Borrowed funds	0	0
	16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
	16.5 Dividends to stockholders	40,000,000	0
	16.6 Other cash provided (applied)	3,865,890	1,916,305
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(36,134,110)	1,916,305
	RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(241,434,549)	117,533,303
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	304,945,748	187,412,445
	19.2 End of year (Line 18 plus Line 19.1)	63,511,199	304,945,748

Note: Supplemental disclosures of cash flow information for non-cash transactions:

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Net premium income	2,470,940,594	0	0	0	0	0	2,470,940,594	0	0	0
2. Change in unearned premium reserves and reserve for rate credit	(6,567,719)	0	0	0	0	0	(6,567,719)	0	0	0
3. Fee-for-service (net of $ 0 medical expenses)	0	0	0	0	0	0	0	0	0	XXX
4. Risk revenue	0	0	0	0	0	0	0	0	0	XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	2,464,372,875	0	0	0	0	0	2,464,372,875	0	0	0
8. Hospital/medical benefits	1,780,093,900	0	0	0	0	0	1,780,093,900	0	0	XXX
9. Other professional services	29,473,618	0	0	0	0	0	29,473,618	0	0	XXX
10. Outside referrals	0	0	0	0	0	0	0	0	0	XXX
11. Emergency room and out-of-area	0	0	0	0	0	0	0	0	0	XXX
12. Prescription drugs	189,638,124	0	0	0	0	0	189,638,124	0	0	XXX
13. Aggregate write-ins for other hospital and medical	11,328,401	0	0	0	0	0	11,328,401	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	4,914,791	0	0	0	0	0	4,914,791	0	0	XXX
15. Subtotal (Lines 8 to 14)	2,015,448,834	0	0	0	0	0	2,015,448,834	0	0	XXX
16. Net reinsurance recoveries	(252,283)	0	0	0	0	0	(252,283)	0	0	XXX
17. Total medical and hospital (Lines 15 minus 16)	2,015,701,117	0	0	0	0	0	2,015,701,117	0	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including $ 19,653,705 cost containment expenses	36,730,441	0	0	0	0	0	36,730,441	0	0	0
20. General administrative expenses	287,128,013	0	0	0	0	0	287,128,013	0	0	0
21. Increase in reserves for accident and health contracts	0	0	0	0	0	0	0	0	0	XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
23. Total underwriting deductions (Lines 17 to 22)	2,339,559,571	0	0	0	0	0	2,339,559,571	0	0	0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	124,813,304	0	0	0	0	0	124,813,304	0	0	0
DETAILS OF WRITE-INS										
0501.										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301. Transportation Costs	11,328,401	0	0	0	0	0	11,328,401	0	0	XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	11,328,401	0	0	0	0	0	11,328,401	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical)	0	0	0	0
2. Medicare Supplement	0	0	0	0
3. Dental only	0	0	0	0
4. Vision only	0	0	0	0
5. Federal Employees Health Benefits Plan	0	0	0	0
6. Title XVIII - Medicare	2,470,929,234	0	(11,360)	2,470,940,594
7. Title XIX - Medicaid	0	0	0	0
8. Other health	0	0	0	0
9. Health subtotal (Lines 1 through 8)	2,470,929,234	0	(11,360)	2,470,940,594
10. Life	0	0	0	0
11. Property/casualty	0	0	0	0
12. Totals (Lines 9 to 11)	2,470,929,234	0	(11,360)	2,470,940,594

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Payments during the year:										
1.1 Direct	2,015,496,741	0	0	0	0	0	2,015,496,741	0	0	0
1.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
1.3 Reinsurance ceded	415,069	0	0	0	0	0	415,069	0	0	0
1.4 Net	2,015,081,672	0	0	0	0	0	2,015,081,672	0	0	0
2. Paid medical incentive pools and bonuses	3,748,736	0	0	0	0	0	3,748,736	0	0	0
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	178,794,554	0	0	0	0	0	178,794,554	0	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
3.4 Net	178,794,554	0	0	0	0	0	178,794,554	0	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0	0	0	0	0	0	0	0	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	3,810,276	0	0	0	0	0	3,810,276	0	0	0
6. Net healthcare receivables (a)	42,034,510	0	0	0	0	0	42,034,510	0	0	0
7. Amounts recoverable from reinsurers December 31, current year	55,617	0	0	0	0	0	55,617	0	0	0
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	141,722,742	0	0	0	0	0	141,722,742	0	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	102,810	0	0	0	0	0	102,810	0	0	0
8.4 Net	141,619,932	0	0	0	0	0	141,619,932	0	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	2,644,221	0	0	0	0	0	2,644,221	0	0	0
11. Amounts recoverable from reinsurers December 31, prior year	620,159	0	0	0	0	0	620,159	0	0	0
12. Incurred Benefits:										
12.1 Direct	2,010,534,043	0	0	0	0	0	2,010,534,043	0	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	(252,283)	0	0	0	0	0	(252,283)	0	0	0
12.4 Net	2,010,786,326	0	0	0	0	0	2,010,786,326	0	0	0
13. Incurred medical incentive pools and bonuses	4,914,791	0	0	0	0	0	4,914,791	0	0	0

(a) Excludes $ 0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	56,921,454	0	0	0	0	0	56,921,454	0	0	0
1.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
1.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
1.4 Net	56,921,454	0	0	0	0	0	56,921,454	0	0	0
2. Incurred but Unreported:										
2.1 Direct	121,873,100	0	0	0	0	0	121,873,100	0	0	0
2.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
2.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
2.4 Net	121,873,100	0	0	0	0	0	121,873,100	0	0	0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct	0	0	0	0	0	0	0	0	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
3.4 Net	0	0	0	0	0	0	0	0	0	0
4. TOTALS:										
4.1 Direct	178,794,554	0	0	0	0	0	178,794,554	0	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4 Net	178,794,554	0	0	0	0	0	178,794,554	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

	Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred In Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1.	Comprehensive (hospital and medical)	0	0	0	0	0	0
2.	Medicare Supplement	0	0	0	0	0	0
3.	Dental Only	0	0	0	0	0	0
4.	Vision Only	0	0	0	0	0	0
5.	Federal Employees Health Benefits Plan	0	0	0	0	0	0
6.	Title XVIII - Medicare	67,149,372	1,948,496,842	2,532,022	176,262,532	69,681,394	141,619,932
7	Title XIX - Medicaid	0	0	0	0	0	0
8.	Other health	0	0	0	0	0	0
9.	Health subtotal (Lines 1 to 8)	67,149,372	1,948,496,842	2,532,022	176,262,532	69,681,394	141,619,932
10.	Healthcare receivables (a)	31,567,073	54,561,422	0	153,788	31,567,073	44,247,773
11.	Other non-health	0	0	0	0	0	0
12.	Medical incentive pools and bonus amounts	2,259,316	1,489,420	385,857	3,424,419	2,645,173	2,644,221
13.	Totals (Lines 9 - 10 + 11 + 12)	37,841,615	1,895,424,840	2,917,879	179,533,163	40,759,494	100,016,380

(a) Excludes $ 0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Title XVIII

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	104,048	102,066	96,614	94,954	94,954
2. 2009	514,757	619,066	613,898	602,693	602,693
3. 2010	XXX	653,218	785,694	771,983	771,983
4. 2011	XXX	XXX	857,213	996,253	996,253
5. 2012	XXX	XXX	XXX	1,067,769	1,136,613
6. 2013	XXX	XXX	XXX	XXX	1,949,986

Section B - Incurred Health Claims - Title XVIII

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	104,753	102,066	96,614	94,954	94,954
2. 2009	618,150	619,277	613,898	602,693	602,693
3. 2010	XXX	774,845	786,010	771,983	771,983
4. 2011	XXX	XXX	1,010,374	998,131	996,253
5. 2012	XXX	XXX	XXX	1,210,155	1,139,531
6. 2013	XXX	XXX	XXX	XXX	2,129,673

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XVIII

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2009	745,347	602,693	62,501	10.4	665,194	89.2	0	0	665,194	89.2
2. 2010	924,037	771,983	78,718	10.2	850,701	92.1	0	0	850,701	92.1
3. 2011	1,350,723	996,253	103,406	10.4	1,099,659	81.4	0	0	1,099,659	81.4
4. 2012	1,650,933	1,136,613	88,247	7.8	1,224,860	74.2	2,918	52	1,227,830	74.4
5. 2013	2,464,373	1,949,986	36,113	1.9	1,986,099	80.6	179,687	3,226	2,169,012	88.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Grand Total

	Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
		1 2009	2 2010	3 2011	4 2012	5 2013
1.	Prior	104,048	102,066	96,614	94,954	94,954
2.	2009	514,757	619,066	613,898	602,693	602,693
3.	2010	XXX	653,218	785,694	771,983	771,983
4.	2011	XXX	XXX	857,213	996,253	996,253
5.	2012	XXX	XXX	XXX	1,067,769	1,136,613
6.	2013	XXX	XXX	XXX	XXX	1,949,986

Section B - Incurred Health Claims - Grand Total

	Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2009	2 2010	3 2011	4 2012	5 2013
1.	Prior	104,753	102,066	96,614	94,954	94,954
2.	2009	618,150	619,277	613,898	602,693	602,693
3.	2010	XXX	774,845	786,010	771,983	771,983
4.	2011	XXX	XXX	1,010,374	998,131	996,253
5.	2012	XXX	XXX	XXX	1,210,155	1,139,531
6.	2013	XXX	XXX	XXX	XXX	2,129,673

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Grand Total

	Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1.	2009	745,347	602,693	62,501	10.4	665,194	89.2	0	0	665,194	89.2
2.	2010	924,037	771,983	78,718	10.2	850,701	92.1	0	0	850,701	92.1
3.	2011	1,350,723	996,253	103,406	10.4	1,099,659	81.4	0	0	1,099,659	81.4
4.	2012	1,650,933	1,136,613	88,247	7.8	1,224,860	74.2	2,918	52	1,227,830	74.4
5.	2013	2,464,373	1,949,986	36,113	1.9	1,986,099	80.6	179,687	3,226	2,169,012	88.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other
1. Unearned premium reserves	0	0	0	0	0	0	0	0	0
2. Additional policy reserves (a)	0	0	0	0	0	0	0	0	0
3. Reserve for future contingent benefits	0	0	0	0	0	0	0	0	0
4. Reserve for rate credits or experience rating refunds (including $ 0) for investment income	21,072,871	0	0	0	0	0	21,072,871	0	0
5. Aggregate write-ins for other policy reserves	0	0	0	0	0	0	0	0	0
6. Totals (gross)	21,072,871	0	0	0	0	0	21,072,871	0	0
7. Reinsurance ceded	0	0	0	0	0	0	0	0	0
8. Totals (Net)(Page 3, Line 4)	21,072,871	0	0	0	0	0	21,072,871	0	0
9. Present value of amounts not yet due on claims	0	0	0	0	0	0	0	0	0
10. Reserve for future contingent benefits	0	0	0	0	0	0	0	0	0
11. Aggregate write-ins for other claim reserves	0	0	0	0	0	0	0	0	0
12. Totals (gross)	0	0	0	0	0	0	0	0	0
13. Reinsurance ceded	0	0	0	0	0	0	0	0	0
14. Totals (Net)(Page 3, Line 7)	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0	0	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes $ 0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3	4	5
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent ($ 0 for occupancy of own building)	516,809	448,343	5,450,418	0	6,415,570
2. Salary, wages and other benefits	10,217,143	8,863,592	60,690,831	0	79,771,566
3. Commissions (less $ 0 ceded plus $ 0 assumed)	0	0	57,107,765	0	57,107,765
4. Legal fees and expenses	189,697	26,963	(122,887)	0	93,773
5. Certifications and accreditation fees	0	0	0	0	0
6. Auditing, actuarial and other consulting services	1,168,263	974,454	27,924,362	0	30,067,079
7. Traveling expenses	344,043	298,465	3,396,305	0	4,038,813
8. Marketing and advertising	778,261	675,158	1,490,710	0	2,944,129
9. Postage, express and telephone	677,002	587,314	13,103,549	0	14,367,865
10. Printing and office supplies	221,443	192,106	4,697,547	0	5,111,096
11. Occupancy, depreciation and amortization	259,822	225,401	2,486,917	0	2,972,140
12. Equipment	38,273	33,203	892,946	0	964,422
13. Cost or depreciation of EDP equipment and software	1,241,443	1,076,979	14,340,164	0	16,658,586
14. Outsourced services including EDP, claims, and other services	1,076,158	1,136,954	48,694,415	0	50,907,527
15. Boards, bureaus and association fees	21,510	18,660	45,083	0	85,253
16. Insurance, except on real estate	211,669	183,627	2,611,101	0	3,006,397
17. Collection and bank service charges	67,290	58,375	175,432	172,644	473,741
18. Group service and administration fees	30,241	26,237	64,314	0	120,792
19. Reimbursements by uninsured plans	0	0	0	0	0
20. Reimbursements from fiscal intermediaries	0	0	0	0	0
21. Real estate expenses	0	0	0	0	0
22. Real estate taxes	0	0	0	0	0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes	0	0	1,257,736	0	1,257,736
23.2 State premium taxes	0	0	0	0	0
23.3 Regulatory authority licenses and fees	0	0	717,369	0	717,369
23.4 Payroll taxes	0	0	2,921,592	0	2,921,592
23.5 Other (excluding federal income and real estate taxes)	0	0	264,098	0	264,098
24. Investment expenses not included elsewhere	0	0	0	0	0
25. Aggregate write-ins for expenses	2,594,638	2,250,905	38,918,246	0	43,763,789
26. Total expenses incurred (Lines 1 to 25)	19,653,705	17,076,736	287,128,013	172,644	(a) 324,031,098
27. Less expenses unpaid December 31, current year	1,753,978	1,523,999	0	0	3,277,977
28. Add expenses unpaid December 31, prior year	1,398,053	1,262,691	6,768,712	0	9,429,456
29. Amounts receivable relating to uninsured plans, prior year	0	0	19,413,913	0	19,413,913
30. Amounts receivable relating to uninsured plans, current year	0	0	4,112,610	0	4,112,610
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	19,297,780	16,815,428	278,595,422	172,644	314,881,274
DETAILS OF WRITE-INS					
2501. Information Technology	142,106	123,280	253,817	0	519,203
2502. Interest	16,855	14,622	30,401	0	61,878
2503. Managed Care & Network Access	7,480	6,489	13,457	0	27,426
2598. Summary of remaining write-ins for Line 25 from overflow page	2,428,197	2,106,514	38,620,571	0	43,155,282
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	2,594,638	2,250,905	38,918,246	0	43,763,789

(a) Includes management fees of $ 322,156,130 to affiliates and $ 0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

			1 Collected During Year	2 Earned During Year
1.	U.S. government bonds	(a)	202,216	285,066
1.1	Bonds exempt from U.S. tax	(a)	0	0
1.2	Other bonds (unaffiliated)	(a)	(368,542)	619,620
1.3	Bonds of affiliates	(a)	0	0
2.1	Preferred stocks (unaffiliated)	(b)	0	0
2.11	Preferred stocks of affiliates	(b)	0	0
2.2	Common stocks (unaffiliated)		0	0
2.21	Common stocks of affiliates		0	0
3.	Mortgage loans	(c)	0	0
4.	Real estate	(d)	0	0
5	Contract Loans		0	0
6	Cash, cash equivalents and short-term investments	(e)	50,871	67,871
7	Derivative instruments	(f)	0	0
8.	Other invested assets		0	0
9.	Aggregate write-ins for investment income		0	0
10.	Total gross investment income		(115,455)	972,557
11.	Investment expenses			(g) 172,644
12.	Investment taxes, licenses and fees, excluding federal income taxes			(g) 0
13.	Interest expense			(h) (40)
14.	Depreciation on real estate and other invested assets			(i) 0
15.	Aggregate write-ins for deductions from investment income			0
16.	Total deductions (Lines 11 through 15)			172,604
17.	Net investment income (Line 10 minus Line 16)			799,953
	DETAILS OF WRITE-INS			
0901.				
0902.				
0903.				
0998.	Summary of remaining write-ins for Line 9 from overflow page		0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)		0	0
1501.				
1502.				
1503.				
1598.	Summary of remaining write-ins for Line 15 from overflow page			0
1599.	Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above)			0

(a) Includes $ 36,565 accrual of discount less $ 2,716,995 amortization of premium and less $ 882,891 paid for accrued interest on purchases.

(b) Includes $ 0 accrual of discount less $ 0 amortization of premium and less $ 0 paid for accrued dividends on purchases.

(c) Includes $ 0 accrual of discount less $ 0 amortization of premium and less $ 0 paid for accrued interest on purchases.

(d) Includes $ 0 for company's occupancy of its own buildings; and excludes $ 0 interest on encumbrances.

(e) Includes $ 0 accrual of discount less $ 11,460 amortization of premium and less $ 0 paid for accrued interest on purchases.

(f) Includes $ 0 accrual of discount less $ 0 amortization of premium.

(g) Includes $. 0 investment expenses and $ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.

(h) Includes $ 0 interest on surplus notes and $ 0 interest on capital notes.

(i) Includes $ 0 depreciation on real estate and $ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds					
1.1	Bonds exempt from U.S. tax					
1.2	Other bonds (unaffiliated)					
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)					
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)					
2.21	Common stocks of affiliates					
3.	Mortgage loans					
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments					
7.	Derivative instruments					
8.	Other invested assets					
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)					
	DETAILS OF WRITE-INS					
0901.						
0902.						
0903.						
0998.	Summary of remaining write-ins for Line 9 from overflow page					
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)					

NONE

EXHIBIT OF NON-ADMITTED ASSETS

		1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D)	0	0	0
2.	Stocks (Schedule D):			
	2.1 Preferred stocks	0	0	0
	2.2 Common stocks	0	0	0
3.	Mortgage loans on real estate (Schedule B):			
	3.1 First liens	0	0	0
	3.2 Other than first liens	0	0	0
4.	Real estate (Schedule A):			
	4.1 Properties occupied by the company	0	0	0
	4.2 Properties held for the production of income	0	0	0
	4.3 Properties held for sale	0	0	0
5.	Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)	0	0	0
6.	Contract loans	0	0	0
7.	Derivatives (Schedule DB)	0	0	0
8.	Other invested assets (Schedule BA)	0	0	0
9.	Receivables for securities	0	0	0
10.	Securities lending reinvested collateral assets (Schedule DL)	0	0	0
11.	Aggregate write-ins for invested assets	0	0	0
12.	Subtotals, cash and invested assets (Lines 1 to 11)	0	0	0
13.	Title plants (for Title insurers only)	0	0	0
14.	Investment income due and accrued	0	0	0
15.	Premiums and considerations:			
	15.1 Uncollected premiums and agents' balances in the course of collection	2,763,452	2,136,236	(627,216)
	15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	0	0	0
	15.3 Accrued retrospective premiums	0	0	0
16.	Reinsurance:			
	16.1 Amounts recoverable from reinsurers	0	0	0
	16.2 Funds held by or deposited with reinsured companies	0	0	0
	16.3 Other amounts receivable under reinsurance contracts	0	0	0
17.	Amounts receivable relating to uninsured plans	99,701	147,647	47,946
18.1	Current federal and foreign income tax recoverable and interest thereon	0	0	0
18.2	Net deferred tax asset	872,807	1,379,027	506,220
19.	Guaranty funds receivable or on deposit	0	0	0
20.	Electronic data processing equipment and software	0	0	0
21.	Furniture and equipment, including health care delivery assets	0	0	0
22.	Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
23.	Receivable from parent, subsidiaries and affiliates	1,879	0	(1,879)
24.	Health care and other amounts receivable	52,692,166	25,034,768	(27,657,398)
25.	Aggregate write-ins for other than invested assets	0	0	0
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	56,430,005	28,697,678	(27,732,327)
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
28.	Total (Lines 26 and 27)	56,430,005	28,697,678	(27,732,327)
	DETAILS OF WRITE-INS			
1101.				
1102.				
1103.				
1198.	Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199.	Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0
2501.				
2502.				
2503.				
2598.	Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599.	Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	0	0	0

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

	Source of Enrollment	Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations	0	0	0	0	0	0
2.	Provider Service Organizations	0	0	0	0	0	0
3.	Preferred Provider Organizations	99,712	171,843	188,920	201,724	210,819	2,269,423
4.	Point of Service	0	0	0	0	0	0
5.	Indemnity Only	0	0	0	0	0	0
6.	Aggregate write-ins for other lines of business	0	0	0	0	0	0
7.	Total	99,712	171,843	188,920	201,724	210,819	2,269,423
	DETAILS OF WRITE-INS						
0601.							
0602.							
0603.							
0698.	Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0
0699.	Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(In thousands except capital stock share data)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operation

Care Improvement Plus South Central Insurance Company (the “Company”), licensed as a life, accident, and health insurer, offers its enrollees a variety of managed care programs and products through contractual arrangements with health care providers. The Company is a wholly owned subsidiary of XLHealth Corporation (“XLHealth”). XLHealth is a wholly owned subsidiary of United HealthCare Services, Inc. (“UHS”), an HMO management corporation. UHS is a wholly owned subsidiary of UnitedHealth Group Incorporated (“UnitedHealth Group”). UnitedHealth Group is a publicly held company trading on the New York Stock Exchange.

The Company was incorporated on January 13, 2006, as a life, accident, and health insurer and operations commenced in January 2007. The Company is certified as a life, accident, and health insurer in 25 states. The Company has entered into contracts with physicians, hospitals, and other health care provider organizations to deliver health care services for all enrollees.

The Company serves as a plan sponsor offering Medicare Advantage and Medicare Part D prescription drug insurance coverage (“Medicare Part D program”) under a contract with the Centers for Medicare and Medicaid Services (“CMS”). Under the Medicare Part D program, there are seven separate elements of payment received by the Company during the plan year; these payment elements are CMS premium, member premium, CMS low-income premium subsidy, CMS catastrophic reinsurance subsidy, CMS low-income member cost-sharing subsidy, CMS risk share, and the CMS Coverage Gap Discount Program. Each component of the Medicare Part D program is further defined throughout Note 1.

A. Accounting Practices

The statutory basis financial statements of the Company are presented on the basis of accounting practices prescribed or permitted by the Arkansas Insurance Department (the “Department”).

The Department recognizes only statutory accounting practices, prescribed or permitted by the State of Arkansas, for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under Arkansas Insurance Law. The state prescribes the use of the National Association of Insurance Commissioners’ (“NAIC”) Accounting Practices and Procedures manual (“NAIC SAP”) in effect for the accounting periods covered in the statutory basis financial statements.

(1-8) No significant differences exist between the practices prescribed or permitted by the State of Arkansas and those prescribed or permitted by the NAIC SAP that materially affect the statutory basis net income and capital and surplus, as illustrated in the table below:

	State of Domicile	2013	2012
Net Income			
(1) Company state basis	Arkansas	$ 81,542	$ 162,314
(2) State prescribed practices that increase/(decrease) NAIC SAP: None	Arkansas	-	-
(3) State permitted practices that increase/(decrease) NAIC SAP: None	Arkansas	-	-
(4) NAIC SAP (1-2-3=4)	Arkansas	$ 81,542	$ 162,314
Surplus			
(5) Company state basis	Arkansas	$ 340,545	$ 324,577
(6) State prescribed practices that increase/(decrease) NAIC SAP: None	Arkansas	-	-
(7) State permitted practices that increase/(decrease) NAIC SAP: None	Arkansas	-	-
(8) NAIC SAP	Arkansas	$ 340,545	$ 324,577

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(In thousands except capital stock share data)

B. Use of Estimates in the Preparation of the Statutory Basis Financial Statements

The preparation of these statutory basis financial statements in conformity with the NAIC Annual Statement Instructions and the NAIC SAP include certain amounts that are based on the Company's estimates and judgments. These estimates require the Company to apply complex assumptions and judgments, often because the Company must make estimates about the effects of matters that are inherently uncertain and will change in subsequent periods. The most significant estimates relate to hospital and medical benefits, claims unpaid, and aggregate health policy reserves. The Company adjusts these estimates each period as more current information becomes available. The impact of any changes in estimates is included in the determination of net income in the period in which the estimate is adjusted.

C. Accounting Policy

(1-13) Basis of Presentation — The Company prepares its statutory basis financial statements on the basis of accounting practices prescribed or permitted by the Department. These statutory practices differ from accounting principles generally accepted in the United States of America ("GAAP").

The more significant differences are as follows:

- Cash and short-term investments in the statutory basis financial statements represent cash balances and investments with original maturities of one year or less from the time of acquisition, whereas under GAAP, the corresponding caption of cash and short-term investments includes cash balances and investments that will mature in one year or less from the balance sheet date;

- Outstanding checks are required to be netted against cash balances or presented as cash overdrafts if in excess of cash balances in the statutory basis statements of admitted assets, liabilities, and capital and surplus as opposed to being presented as other liabilities under GAAP;

- Certain debt investments categorized as available for sale or held to maturity are presented at the lower of amortized cost or fair value in accordance with the NAIC designations in the statutory basis financial statements, whereas under GAAP, these investments are shown at fair value or amortized cost, respectively;

- Under statutory accounting, the change to deferred tax assets and liabilities is recorded directly to unassigned surplus and deferred tax assets are subject to a valuation allowance and admissibility limitations of the assets in the statutory basis financial statements, whereas under GAAP, the change in deferred tax assets and liabilities is recorded as a component of the income tax provision within the income statement and is based on the ultimate recoverability of the deferred tax assets. Based on the admissibility criteria under statutory accounting, any deferred tax assets determined to be nonadmitted are charged directly to surplus and excluded from the statutory basis financial statements, whereas under GAAP, such assets are included in the balance sheet;

- Certain assets, including certain aged premium receivables; certain receivables related to uninsured plans; certain receivables from parent, subsidiaries and affiliates; certain health care receivables; and certain components of the deferred tax asset are considered nonadmitted assets for statutory purposes and are excluded from the statutory basis statements of admitted assets, liabilities, and capital and surplus and charged directly to unassigned surplus. Under GAAP, such assets are included in the balance sheets;

- The reserves ceded to reinsurers for claims unpaid and aggregate health claim reserves have been reported as reductions of the related reserves rather than as assets, which would be required under GAAP;

- Comprehensive income and its components are not presented in the statutory basis financial statements, whereas under GAAP, it is a requirement to present comprehensive income and its components in the financial statements;

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(In thousands except capital stock share data)

- Cash and short-term investments in the statutory basis statements of cash flows represent cash balances and investments with original maturities of one year or less from the time of acquisition. Under GAAP, the corresponding caption of cash and cash equivalents includes cash balances and cash equivalents with maturities of three months or less. The corresponding caption of short-term investments under GAAP represents securities with a final maturity of one year or less from the balance sheet date. The statutory basis statements of cash flows are prepared in accordance with the NAIC Annual Statement Instructions.

Cash and Invested Assets —

- Cash represents cash held by the Company in disbursement accounts. Claims and other payments are made from the disbursement accounts daily. Cash overdrafts are a result of timing differences in funding disbursement accounts for claims payments;

- Short-term investments represent money-market instruments and municipal securities with a maturity of greater than three months but less than one year at the time of purchase;

- Bonds include corporate debt securities,U.S. government and state and agency obligations, and municipal securities with a maturity of greater than one year at the time of purchase;

- Bonds and short-term investments are stated at amortized cost if they meet NAIC designation of one or two and stated at the lower of amortized cost or fair value if they meet an NAIC designation of three or higher. Amortization of bond premium or discount is calculated using the constant-yield interest method. Bonds and short-term investments are valued and reported using market prices published by the NAIC's Securities Valuation Office ("SVO") in accordance with the NAIC Valuations of Securities manual prepared by the SVO or an external pricing service;

- The Company holds no mortgage loans on real estate;

- The Company holds no loan-backed securities;

- The Company holds no common or preferred stock;

- The Company holds no investments in subsidiaries, controlled, or affiliated entities;

- The Company has no investment interests with respect to joint ventures, partnerships, or limited liability companies;

- The Company holds no derivatives;

- Realized capital gains and losses on sales of investments are calculated based upon specific identification of the investments sold. These gains and losses are reported as net realized capital (losses) gains less capital gains (benefit) tax in the statutory basis statements of operations;

- The Company continually monitors the difference between amortized cost and estimated fair value of its investments. If any of the Company's investments experience a decline in value that the Company has determined is other-than-temporary, or if the Company has determined it will sell a security that is in an impaired status, the Company will record a realized loss in net realized capital (losses) gains less capital gains (benefit) tax in the statutory basis statements of operations. The new cost basis is not changed for subsequent recoveries in fair value. The prospective adjustment method is utilized for mortgage-backed securities for periods subsequent to the loss recognition. The Company has not recorded any other-than-temporary impairments for the years ended December 31, 2013 and 2012.

Investment Income Due and Accrued — Investment income earned and due as of the reporting date, in addition to investment income earned but not paid or collected until subsequent periods, is reported as investment income due and accrued in the statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company evaluates the collectability of the amounts due and amounts determined to be uncollectible are written off in the period in which the determination is made.

Net Investment Income Earned — Net investment income earned includes investment income collected during the period, as well as the change in investment income due and accrued on the Company's holdings. Amortization of premium or discount on bonds and certain external investment management costs are also included in net investment income earned (see Note 7).

Properties Occupied by the Company, Properties Held for the Production of Income, Properties Held for Sale, Furniture and Equipment, and Electronic Data Processing Equipment and Software —The Company does not carry any fixed assets on the statutory basis financial statements.

Receivables from Parent, Subsidiaries, and Affiliates, Net and Amounts Due to Parent, Subsidiaries, and Affiliates, Net — In the normal course of business, the Company has various transactions with related parties (see Note 10). The Company reports any unsettled amounts due or owed as receivables from parent, subsidiaries and affiliates, net, and amounts due to parent, subsidiaries, and affiliates, net, respectively, in the statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company has excluded receivables that do not meet the admissibility criteria from the statutory basis statements of admitted assets, liabilities, and capital and surplus.

Hospital and Medical Expenses, Claims Unpaid, and Aggregate Health Policy Reserves — Hospital and medical expenses and corresponding liabilities include claims paid, claims processed but not yet paid, estimates for claims received but not yet processed, estimates for the costs of health care services enrollees have received but for which claims have not yet been submitted, and payments and liabilities for physician, hospital, and other medical costs disputes.

The estimates for incurred but not yet reported claims are developed using an actuarial process that is consistently applied, centrally controlled, and automated. The actuarial models consider factors such as historical submission and payment data, cost trends, customer and product mix, seasonality, utilization of health care services, contracted service rates, and other relevant factors. The Company estimates such liabilities for physician, hospital, and other medical cost disputes based upon an analysis of potential outcomes, assuming a combination of litigation and settlement strategies. These estimates may change as actuarial methods change or as underlying facts upon which estimates are based change. The Company did not change actuarial methods during 2013 and 2012. Management believes the amount of claims unpaid and aggregate health policy reserves is adequate to cover the Company's liability for unpaid claims and aggregate health policy reserves as of December 31, 2013; however, actual payments may differ from those established estimates. Adjustments to claims unpaid estimates and aggregate health policy reserves are reflected in the statutory basis statement of operations in the period in which the change in estimate is identified.

The Company contracts with hospitals, physicians, and other providers of health care under capitated or discounted fee for service arrangements, including a hospital per diem to provide medical care services to enrollees. Some of these contracts are with related parties (see Note 10). Capitated providers are at risk for the cost of medical care services provided to the Company's enrollees; however, the Company is ultimately responsible for the provision of services to its enrollees should the capitated provider be unable to provide the contracted services.

Amounts Receivable Relating to Uninsured Plans and Liability for Amounts Held under Uninsured Plans — Receivables and liabilities for amounts held under uninsured plans represent the cost reimbursement under the Medicare Part D program for the catastrophic reinsurance subsidy and the low-income member cost-sharing subsidy. The Company is fully reimbursed by CMS for costs incurred for these contract elements, and accordingly, there is no insurance risk to the Company. Amounts received for these subsidies are received monthly and are not reflected as net premium income, but rather are accounted for as deposits. The Patient Protection and Affordable Care Act and its related reconciliation act ("Health Reform Legislation") mandate consumer discounts of 50% on brand name prescription drugs for Part D plan participants in the coverage gap ("Coverage Gap Discount Program" or "CGDP"). These discounts are pre-funded by CMS, and ultimately reimbursed by pharmaceutical manufacturers. The Company solely administers the application of these funds and has no insurance risk. If the Company incurs costs either in excess of or less than these subsidies, a corresponding receivable or payable is recorded in amounts receivable relating to uninsured plans or liability for amounts held under uninsured plans in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Related cash flows are presented within operating expenses paid within cash provided by operations in the statutory basis statements of cash flows.

Net Deferred Tax Asset and Federal Income Taxes Incurred — Statutory accounting provides for an amount to be recorded for deferred taxes on temporary differences between the financial reporting and tax bases of assets and liabilities, subject to a valuation allowance and admissibility limitations on deferred tax assets (see Note 9). The provision for federal income taxes incurred is calculated based on applying the statutory federal income tax rate of 35% to net income before federal income taxes less capital gains tax benefit/plus capital gains tax subject to certain adjustments (see Note 9).

Remittances and Items Not Allocated — Remittances and items not allocated generally represent monies received from providers voluntarily returned for medical claim billings that have not been entered into the billing system.

Claims Adjustment Expenses —Claims adjustment expenses (“CAE”) are those costs expected to be incurred in connection with the adjustment and recording of accident and health claims. Pursuant to the terms of the management agreement (see Note 10), the Company pays a management fee to XLHealth in exchange for administrative and management services. A detailed review of the administrative expenses of the Company and XLHealth is performed to determine the allocation between claims adjustment expenses and general administrative expenses to be reported in the statutory basis statement of operations. It is the responsibility of XLHealth to pay CAE in the event the Company ceases operations. The Company has recorded an estimate of unpaid claims adjustment expenses associated with incurred but unpaid claims, which is included in unpaid claims adjustment expenses in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Management believes the amount of the liability for unpaid claims adjustment expenses as of December 31, 2013 is adequate to cover the Company’s cost for the adjustment and recording of unpaid claims; however, actual expenses may differ from those established estimates. Adjustments to the estimates for unpaid claims adjustment expenses are reflected in operating results in the period in which the change in estimate is identified.

General Administrative Expenses — Pursuant to the terms of the management agreement (see Note 10), the Company pays a management fee to XLHealth in exchange for administrative and management services. Costs for items not included within the scope of the management agreement are directly expensed as incurred. State income taxes are also a component of general administrative expenses. A detailed review of the administrative expenses of the Company and XLHealth is performed to determine the allocation between claims adjustment expenses and general administrative expenses to be reported in the statutory basis statements of operations.

Revenues, Premiums Received in Advance and Uncollected Premiums — Revenues consist of net premium income that is recognized in the period in which enrollees are entitled to receive health care services. Net premium income is shown net of reinsurance premiums. Premiums received in full during the current period that are not due until future periods are recorded as premiums received in advance in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus.

Net premium income includes the Medicare Advantage CMS premium, and the premium under the Medicare Part D program, which includes, CMS premium, member premium, and low-income premium subsidy for the Company’s insurance risk coverage. Net premium income is recognized ratably over the period in which eligible individuals are entitled to receive health care services and prescription drug benefits. The Company estimates retrospective premium adjustments based on guidelines determined by CMS (see Note 24).

CMS deploys a risk adjustment model that apportions premiums paid to all health plans according to health severity and certain demographic factors. The CMS risk adjustment model pays more for members whose medical history indicates they have certain medical conditions. Under this risk adjustment methodology, CMS calculates the risk-adjusted premium payment using diagnosis data from hospital inpatient, hospital outpatient, and physician treatment settings. The Company and health care providers collect, capture, and submit the necessary and available diagnosis data to CMS within prescribed deadlines. The Company estimates risk adjustment revenues based upon the diagnosis data submitted and expected to be submitted to CMS. The Company recognizes such changes when the amounts become determinable and supportable and collectability is reasonably assured. The estimated risk-adjusted payments due to the Company at December 31, 2013 and 2012, were $46,495 and $19,670, respectively, and are recorded as uncollected premiums in the statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company recognized $9,690 for changes in prior year Medicare risk factor estimates during the year ended December 31, 2013, which is recorded as a reduction to net premium income within the statutory basis statements of operations.

The Company reports uncollected premium balances from its insured members as uncollected premium balances in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Uncollected premium balances that are over 90 days past due, with the exception of amounts due from government insured plans, are considered nonadmitted assets. In addition to those balances, current balances are also considered nonadmitted if the corresponding balance greater than 90 days past due is deemed more than inconsequential.

Reinsurance Ceded —In the normal course of business, the Company seeks to limit its exposure to loss on any single insured and to recover a portion of benefits paid by ceding premium to other insurance enterprises or reinsurers under excess coverage contracts or specific transfer of risk agreements. The Company remains primarily liable as the direct insurer on the risks reinsured. Reinsurance premiums paid and reinsurance premiums incurred but not paid are deducted from net premium income in the accompanying statutory basis statements of operations. Any amounts due to the Company pursuant to this agreement are recorded as amounts recoverable from reinsurers in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus.

Ceded Reinsurance Premiums Payable —The Company carried aggregate stop-loss reinsurance with United States Fire Insurance Company. The contract covered 90% of claims in excess of $400 up to $1,000 on a per member, per year basis and 100% of claims in excess of $1,000 up to $5,000 on a per member, per year basis. The maximum benefit for each member per policy period is $4,540. The ceded reinsurance premiums payable balance represents amounts due to the reinsurer for coverage which will be paid based on the contract terms.

Amounts Recoverable from Reinsurers —The Company records amounts recoverable from reinsurers for its aggregate stop-loss reinsurance policy in the statutory basis statements of admitted assets, liabilities, and capital and surplus and as net reinsurance recoveries in the statutory basis statements of operations.

Incentive Pool — The Company has agreements with certain independent physicians and physician network organizations that provide for the establishment of a fund into which the Company places monthly premiums payable for members assigned to the physician. The Company manages the disbursement of funds from this account as well as reviews the utilization of nonprimary care medical services of members assigned to the physicians. Any surpluses or deficits in the fund are shared by the Company and the physician based upon predetermined risk-sharing percentage and the liability is included in accrued medical incentive pool and bonus amounts in the statutory basis statements of admitted assets, liabilities, and capital and surplus, and the corresponding expense or reduction to expense is included in incentive pool, withhold adjustments, and bonus amounts in the statutory basis statements of operations.

Medical Risk Share — **Medicare Part D** — The Company has settlements with CMS based on whether the ultimate per member per month (“PMPM”) benefit costs of any Medicare Part D program regional plan varies more than 5% above or below the level estimated in the original bid submitted by the Company and approved by CMS in 2013 and 2012. The estimated risk share adjustment of $21,073 and $14,505 in 2013 and 2012, respectively, is recorded as aggregate health policy reserves in the statutory basis statements of admitted assets, liabilities, and capital and surplus with the corresponding change in the balance reflected as an increase to change in unearned premium reserves and reserve for rate credits in the statutory basis statements of operations.

Health Care Receivable —Health care receivable consist of pharmacy rebate receivables estimated based on the most currently available data from the Company’s claims processing systems and from data provided by the Company’s unaffiliated pharmaceutical benefit manager. Health care receivable also includes provider recoveries and risk share receivables. Provider recoveries consist of claim overpayments to providers, which are due back to the Company. Risk share receivables are estimated based on the capitated dental and vision services contract with an unaffiliated benefit manager. Health care receivable are considered nonadmitted assets for statutory purposes if they do not meet admissibility requirements. Accordingly, the Company has excluded receivables that do not meet the admissibility criteria from the statutory basis statements of admitted assets, liabilities, and capital and surplus (see Note 28).

Premium Deficiency Reserves —Premium deficiency reserves and the related expenses are recognized when it is probable that expected future health care expenses, claims adjustment expenses, direct administration costs, and an allocation of indirect administration costs under a group of existing contracts will exceed anticipated future premiums and reinsurance recoveries considered over the remaining lives of the contracts, and are recorded as aggregate health policy reserves in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Indirect administration costs arise from activities that are not specifically identifiable to a specific group of existing contracts, and therefore, those costs are fully allocated among the various contract groupings. The allocation of indirect administration costs to each contract grouping is made proportionately to the expected margins remaining in the premiums after future health care expenses, CAE, and direct administration costs are considered. The methods for making such estimates and for establishing the resulting reserves are periodically reviewed and updated, and any adjustments are reflected in increase in reserves for life and accident and health contracts in the accompanying statutory basis statements of operations in the period in which the change in estimate is identified. The Company anticipates investment income as a factor in the premium deficiency calculation (see Note 30).

Vulnerability Due to Certain Concentrations — The Company is subject to substantial federal and state government regulation, including licensing and other requirements relating to the offering of the Company’s existing products in new markets and offerings of new products, both of which may restrict the Company’s ability to expand its business.

Direct premiums written and uncollected premiums from members and CMS related to Medicare Advantage and the Medicare Part D program as a percentage of total direct premiums written and total uncollected premiums are 100% as of December 31, 2013 and 2012.

Restricted Cash Reserves —The Company held regulatory deposits in the amount of $4,485 and $2,900 as of December 31, 2013 and 2012, respectively, and is in compliance with the various states requirements. These restricted deposits represent special deposits required by the Department and various other states for qualification purposes as a licensed life, accident and health insurer. These restricted cash reserves consist principally of government obligations and are stated at amortized cost, which approximates fair value. These reserves are included in bonds and short-term investments in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus. Interest earned on these deposits accrues to the Company.

Minimum Capital and Surplus — Under the laws of the State of Arkansas, the Department requires the Company to maintain a minimum capital and surplus equal to the greater of $100 for the benefit of all policyholders and creditors in Arkansas or the company action level Risk-Based Capital ("RBC") per the NAIC's RBC calculation. The minimum capital and surplus requirement is $145,035 and $90,065, for December 31, 2013 and 2012, respectively, which was based on RBC as that produced the highest minimum requirement. The Company has $340,545 and $324,577 in total statutory basis capital and surplus as of December 31, 2013 and 2012, respectively, which is in compliance with the required amount.

RBC is a regulatory tool for measuring the minimum amount of capital appropriate for a managed care organization to support its overall business operations in consideration of its size and risk profile. The Department requires the Company to maintain minimum capital and surplus equal to the greater of the state statute as outlined above or the health trend test level as recently adopted by the State of Arkansas, which requires the Company to maintain higher capital and surplus levels based on the current excess over the predefined RBC limits as calculated by the RBC formula.

Recently Issued Accounting Standards —The Company reviewed all recently issued guidance in 2012 and 2013 that has been adopted for 2013 or subsequent year's implementation and has determined that none of the items would have a significant impact to the statutory basis financial statements.

2. ACCOUNTING CHANGES AND CORRECTION OF ERRORS

No changes in accounting principles have been recorded during the years ended December 31, 2013 and 2012.

During 2013, the Company determined that it had overstated net premium income related to risk adjusted premiums of $14,401, overstated investment fee expense related to management fee expense of $4 and overstated general administrative expenses related to management fee expense of $2,583 for the year ended December 31, 2012. In addition, the federal income taxes incurred as a result of this error were overstated by $4,135 for the year ended December 31, 2012. Had the above adjustments been recorded to the 2012 statutory basis financial statements, the impact would have been a decrease to net income, total capital and surplus, total assets and total liabilities of $7,679, $7,679, $14,403, and $6,724, respectively. Due to the significance of the error, the cumulative effect of this prior year error was corrected by the Company in accordance with Statements of Statutory Accounting Principles ("SSAP") No. 3, *Accounting Changes and Corrections of Errors,* and is reflected in the accompanying statutory basis statements of changes in capital and surplus for the year ended December 31, 2013.

3. BUSINESS COMBINATIONS AND GOODWILL

A–D. The Company was not party to a business combination during the years ended December 31, 2013 and 2012, and does not carry goodwill in its statutory basis statements of admitted assets, liabilities, and capital and surplus.

4. DISCONTINUED OPERATIONS

(1–5) The Company did not discontinue any operations during 2013 and 2012.

5. INVESTMENTS AND OTHER INVESTED ASSETS

For purposes of calculating gross realized gains and losses on sales of investments, the amortized cost of each investment sold is used. The gross realized gains and losses on sales of investments for bonds were $0 and $0, respectively, for 2013 and $43 and $0, respectively, for 2012. The were no gross realized gains and losses on sales of short-term investments for 2013 and 2012. The net realized gain is included in net realized capital (losses) gains less capital gains tax (benefit) in the accompanying statutory basis statements of operations. Total proceeds on the sale of investments for bonds were $0 and $7,035 and for short-term investments were $317,883 and $1,999,778 in 2013 and 2012, respectively.

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(In thousands except capital stock share data)

As of December 31, 2013 and 2012, the amortized cost, fair value, and gross unrealized holding gains and losses of the Company's investments, excluding (overdrafts) cash of a ($71,593) and $274,375, respectively, are as follows:

	2013				
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses < 1 year	Gross Unrealized Holding Losses > 1 year	Fair Value
U.S. government and agency securities	$ 228,855	$ 97	$ (723)	$ -	$ 228,229
State and agency municipalities	28,008	139	(20)	-	28,127
City and county municipalities	44,777	194	(17)	-	44,954
Corporate debt securities	89,289	205	(421)	-	89,073
Money-market funds	132,076	-	-	-	132,076
Total bonds and short-term investments	$ 523,005	$ 635	$ (1,181)	$ -	$ 522,459

	2013				
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses < 1 year	Gross Unrealized Holding Losses > 1 year	Fair Value
Less than one year	$ 188,378	$ 61	$ (2)	$ -	$ 188,437
One to five years	285,200	349	(1,102)	-	284,447
Five to ten years	19,184	31	(47)	-	19,168
Over ten years	30,243	194	(30)	-	30,407
Total bonds and short-term investments	$ 523,005	$ 635	$ (1,181)	$ -	$ 522,459

	2012				
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses < 1 year	Gross Unrealized Holding Losses > 1 year	Fair Value
U.S. government and agency securities	$ 121,120	$ 255	$ (36)	$ -	$ 121,339
Money-market funds	30,571	-	-	-	30,571
Total bonds and short-term investments	$ 151,691	$ 255	$ (36)	$ -	$ 151,910

Included in U.S. government and agency securities and corporate bonds in the tables above are mortgage-backed securities, which do not have a single maturity date. For the years to maturity table above, these securities have been presented in the maturity group based on the securities' final maturity date and at an amortized cost of $25,278 and fair value of $25,431.

The following table illustrates the fair value and gross unrealized losses, aggregated by investment category and length of time that the individual securities have been in a continuous unrealized loss position as of December 31, 2013 and 2012:

	2013					
	< 1 year		> 1 year		Total	
	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses
U.S. government and agency securities	$ 156,906	$ (723)	$ -	$ -	$ 156,906	$ (723)
State and agency municipalities	6,671	(20)	-	-	6,671	(20)
City and county municipalities	13,686	(17)	-	-	13,686	(17)
Corporate debt securities	63,870	(421)	-	-	63,870	(421)
Total bonds and short-term investments	$ 241,133	$ (1,181)	$ -	$ -	$ 241,133	$ (1,181)

	2012					
	< 1 year		> 1 year		Total	
	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses
U.S. government and agency securities	$ 16,307	$ (36)	$ -	$ -	$ 16,307	$ (36)
Total bonds	$ 16,307	$ (36)	$ -	$ -	$ 16,307	$ (36)

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The unrealized losses on investments in U.S. government and agency securities, state and agency municipalities, city and county municipalities, and corporate debt securities at December 31, 2013 and 2012, were mainly caused by interest rate increases and not by unfavorable changes in the credit ratings associated with these securities. The Company evaluates impairment at each reporting period for each of the securities whereby the fair value of the investment is less than its amortized cost. The contractual cash flows of the U.S. government and agency obligations are either guaranteed by the U.S. government or an agency of the U.S. government. It is expected that the securities would not be settled at a price less than the cost of the investment, and the Company does not intend to sell the investment until the unrealized loss is fully recovered. The Company evaluated the credit ratings of the municipalities and local agency obligations and corporate obligations, noting whether a significant deterioration since purchase or other factors that may indicate an other-than-temporary impairment ("OTTI"), such as the length of time and extent to which fair value has been less than cost, the financial condition, and near-term prospects of the issuer as well as specific events or circumstances that may influence the operations of the issuer and the Company's intent to sell the investment. Additionally, the Company evaluated its intent and ability to retain mortgage-backed securities for a period of time sufficient to recover the amortized cost. As a result of this review, no OTTI were recorded by the Company as of December 31, 2013 and 2012.

A–C. The Company has no mortgage loans, real estate loans, restructured debt, or reverse mortgages. The Company also has no real estate property occupied by the Company, real estate property held for the production of income, or real estate property held for sale.

D. Loan-Backed Securities

(1) Corporate bonds and government obligations include mortgage-backed securities, which are valued using the retrospective adjustment methodology. Prepayment assumptions for the determination of the amortized cost of mortgage-backed securities are based on a three-month constant prepayment rate history obtained from external data source vendors.

(2) The Company did not recognize any OTTI on mortgage-backed securities as of December 31, 2013 and 2012.

(3) The Company did not have mortgage-backed securities with an OTTI to report by CUSIP as of December 31, 2013 or 2012.

(4) The following table illustrates the fair value, gross unrealized losses, and length of time that the mortgage-backed securities have been in a continuous unrealized loss position as of December 31, 2013 and 2012:

		2013
The aggregate amount of unrealized losses:		
1. Less than 12 months	$	(46)
2. 12 Months or longer		-
The aggregate related fair value of securities with unrealized losses:		
1. Less than 12 months		19,111
2. 12 Months or longer		-

		2012
The aggregate amount of unrealized losses:		
1. Less than 12 months	$	-
2. 12 Months or longer		-
The aggregate related fair value of securities with unrealized losses:		
1. Less than 12 months		-
2. 12 Months or longer		-

(5) The Company believes that it will collect all principal and interest due on all investments that have an amortized cost in excess of fair value. The unrealized losses as of December 31, 2013 were primarily caused by interest rate increases and not by unfavorable changes in the credit ratings associated with these securities.

E. Repurchase Agreements and/or Securities Lending Transactions — Not applicable.

F. Real Estate — Not applicable.

G. Low-Income Housing Tax Credits — Not applicable.

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H. Restricted Assets

(1) Restricted assets – including pledged as of December 31, 2013 and 2012:

	Restricted Asset Category	1 Total Gross Restricted from Current Year	2 Total Gross Restricted from Prior Year	3 Increase/ (Decrease) (1 minus 2)	4 Total Current Year Admitted Restricted	5 Percentage Gross Restricted to Total Assets	6 Percentage Admitted Restricted to Total Admitted
a.	Subject to contractual obligation for which liability is not shown	$ -	$ -	$ -	$ -	0%	0%
b.	Collateral held under security lending agreements	-	-	-	-	0%	0%
c.	Subject to repurchase agreements	-	-	-	-	0%	0%
d.	Subject to reverse repurchase agreements	-	-	-	-	0%	0%
e.	Subject to dollar repurchase agreements	-	-	-	-	0%	0%
f.	Subject to dollar reverse repurchase agreements	-	-	-	-	0%	0%
g.	Placed under option contracts	-	-	-	-	0%	0%
h.	Letter stock or securities restricted as to sale	-	-	-	-	0%	0%
i.	On deposit with state	$ 4,485	$ 2,900	$ 1,585	$ 4,485	1%	1%
j.	On deposit with other regulatory bodies	-	-	-	-	0%	0%
k.	Pledged as collateral not captured in other categories	-	-	-	-	0%	0%
l.	Other restricted assets	-	-	-	-	0%	0%
m.	Total Restricted Assets	$ 4,485	$ 2,900	$ 1,585	$ 4,485	1%	1%

(2-3) The Company has no assets pledged as collateral not captured in other categories and no other restricted assets as of December 31, 2013 or 2012.

6. JOINT VENTURES, PARTNERSHIPS, AND LIMITED LIABILITY COMPANIES

A–B. The Company has no investments in joint ventures, partnerships, or limited liability companies that exceed 10% of admitted assets and did not recognize any impairment write-down for its investments in joint ventures, partnerships, and limited liability companies during the statement periods.

7. INVESTMENT INCOME

A. The Company has admitted all investment income due and accrued in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus.

The components of net investment income earned as of December 31, 2013 and 2012 are as follows:

	2013	**2012**
Bonds	$ 285	$ 198
Money market mutual funds	620	348
Cash and short-term investments	68	39
Total investment income earned	973	585
Expenses — investment management fees	(173)	(409)
Net investment income earned	$ 800	$ 176

B. There were no investment income amounts excluded from the statutory basis financial statements.

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8. DERIVATIVE INSTRUMENTS

A–F. The Company has no derivative instruments.

9. INCOME TAXES

A. Deferred Tax Asset/Liability

(1) The components of the net deferred tax asset at December 31, 2013 and 2012, are as follows:

	2013			2012			Change		
	1	2	3	4	5	6	7	8	9
			(Col 1+2)			(Col 4+5)	(Col 1-4)	(Col 2-5)	(Col 7+8)
	Ordinary	**Capital**	**Total**	**Ordinary**	**Capital**	**Total**	**Ordinary**	**Capital**	**Total**
(a) Gross deferred tax assets	$ 20,137	$ -	$ 20,137	$ 10,289	$ -	$ 10,289	$ 9,848	$ -	$ 9,848
(b) Statutory valuation allowance adjustments	-	-	-	-	-	-	-	-	-
(c) Adjusted gross deferred tax assets (1a–1b)	20,137	-	20,137	10,289	-	10,289	9,848	-	9,848
(d) Deferred tax assets nonadmitt	873	-	873	1,379	-	1,379	(506)	-	(506)
(e) Subtotal net admitted deferred tax asset (1c–1d)	19,264	-	19,264	8,910	-	8,910	10,354	-	10,354
(f) Deferred tax liabilities	7	15	22	5	7	12	2	8	10
(g) Net admitted deferred tax asset/ (net deferred tax liability) (1e–1f)	$ 19,257	$ (15)	$ 19,242	$ 8,905	$ (7)	$ 8,898	$ 10,352	$ (8)	$ 10,344

(2) The components of the adjusted gross deferred tax assets admissibility calculation under SSAP No. 101, *Income Taxes — A Replacement of SSAP No. 10R and SSAP No. 10,* are as follows:

	2013			2012			Change		
	1	2	3	4	5	6			
Admission Calculation Components SSAP No. 101			(Col 1+2)			(Col 4+5)	(Col 1-4)	(Col 2-5)	(Col 7+8)
	Ordinary	**Capital**	**Total**	**Ordinary**	**Capital**	**Total**	**Ordinary**	**Capital**	**Total**
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	$ 19,242	$ -	$ 19,242	$ 2,721	$ -	$ 2,721	$ 16,521	$-	$ 16,521
(b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below)	-	-	-	6,177	-	6,177	(6,177)	-	(6,177)
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	-	-	-	6,177	-	6,177	(6,177)	-	(6,177)
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	48,195	XXX	XXX	47,352	XXX	XXX	843
(c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	22	-	22	12	-	12	10	-	10
(d) Deferred tax assets admitted as the result of application of SSAP No. 101 Total (2(a)+2(b)+2(c))	$ 19,264	$ -	$ 19,264	$ 8,910	$ -	$ 8,910	$ 10,354	$-	$ 10,354

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(3) The ratio percentage and adjusted capital and surplus used to determine the recovery period and threshold limitations for the admission calculation are presented below:

	2013	2012
(a) Ratio percentage used to determine recovery period and threshold limitation amount	443 %	701 %
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)(2) above (in thousands)	$ 321,303	$ 315,678

(4) There was no impact to the deferred tax assets as a result of tax-planning strategies.

B. Unrecognized Deferred Tax Liabilities

(1–4) There are no unrecognized deferred tax liabilities.

C. Significant Components of Income Taxes

(1) The current federal income taxes incurred for the years ended December 31, 2013 and 2012 are as follows:

	1 **2013**	2 **2012**	3 (Col 1-2) **Change**
1. Current income tax			
(a) Federal	$ 43,732	$ 77,334	$ (33,602)
(b) Foreign	-	-	-
(c) Subtotal	43,732	77,334	(33,602)
(d) Federal income tax on net capital gains	7	15	(8)
(e) Utilization of capital loss carryforwards	-	-	-
(f) Other	-	-	-
(g) Total federal and foreign income taxes incurred	$ 43,739	$ 77,349	$ (33,610)

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(2–4) The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities as of December 31, 2013 and 2012, are as follows:

	1 2013	2 2012	3 (Col 1-2) Change
2. Deferred tax assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	$ 691	$ 727	$ (36)
(2) Unearned premium reserve	-	-	-
(3) Policyholder reserves	-	-	-
(4) Investments	-	-	-
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed assets	-	-	-
(8) Compensation and benefits accrual	-	-	-
(9) Pension accrual	-	-	-
(10) Receivables - nonadmitted	19,446	9,562	9,884
(11) Net operating loss carryforward	-	-	-
(12) Tax credit carryforward	-	-	-
(13) Other (including items <5% of total ordinary tax assets)	-	-	-
(99) Subtotal	20,137	10,289	9,848
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	873	1,379	(506)
(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	19,264	8,910	10,354
(e) Capital			
(1) Investments	-	-	-
(2) Net capital loss carryforward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	-	-	-
(99) Subtotal	-	-	-
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	-	-	-
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	-	-	-
(i) Admitted deferred tax assets (2d + 2h)	19,264	8,910	10,354
3. Deferred tax liabilities:			
(a) Ordinary			
(1) Investments	7	5	2
(2) Fixed assets	-	-	-
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other (including items <5% of total ordinary tax liabilities	-	-	-
(99) Subtotal	7	5	2
(b) Capital			
(1) Investments	15	7	8
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities	-	-	-
(99) Subtotal	15	7	8
(c) Deferred tax liabilities (3a99 + 3b99)	22	12	10
4. Net deferred tax assets/liabilities (2i - 3c)	$ 19,242	$ 8,898	$ 10,344

The Company assessed the potential realization of the gross deferred tax asset and as a result no statutory valuation allowance was required and no allowance was established as of December 31, 2013 and 2012.

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D. The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate of 35% to net income before federal income taxes, plus capital gains tax/less capital gains tax (benefit). The significant items causing this difference are as follows:

	2013	2012
Tax provision at the federal statutory rate	$ 43,848	$ 83,882
Tax-exempt interest	(63)	-
Other	-	(89)
Tax effect of nonadmitted assets	(9,884)	(3,096)
Total statutory income taxes	$ 33,901	$ 80,697
Federal income taxes incurred	$ 43,732	$ 77,334
Capital gains tax	7	15
Change in net deferred income tax	(9,838)	3,348
Total statutory income taxes	$ 33,901	$ 80,697

E. At December 31, 2013, the Company had no net operating loss carryforwards.

Current federal income taxes payable of $6,810 and $8,534 as of December 31, 2013 and 2012, respectively, are included in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus. Federal income taxes paid were $41,483 and $75,444 in 2013 and 2012, respectively.

Federal income taxes incurred of $43,739 and $73,317 for 2013 and 2012, respectively, are available for recoupment in the event of future net losses.

The Company has not admitted any aggregate amounts of deposits that are included within Section 6603 (“Deposits made to suspend running of interest on potential underpayments, etc.”) of the Internal Revenue Service Code (“IRS”).

F. On November 9, 2012, approval was received from the Department for the Companyto enter into a Tax Sharing Agreement with UnitedHealth Group. The Company is included in a consolidated federal income tax return with its ultimate parent, UnitedHealth Group. The entities included within the consolidated return are included in NAIC Statutory Statement Schedule Y — Information Concerning Activities of Insurer Members Of A Holding Company Group. Federal income taxes are paid to or refunded by UnitedHealth Group pursuant to the terms of a tax-sharing agreement, approved by the Board of Directors, under which taxes approximate the amount that would have been computed on a separate company basis, with the exception of net operating losses and capital losses. For these losses, the Company receives a benefit at the federal rate in the current year for current taxable losses incurred in that year to the extent losses can be utilized in the consolidated federal income tax return of UnitedHealth Group. UnitedHealth Group currently files income tax returns in the U.S. federal jurisdiction, various states, and foreign jurisdictions. The IRS has completed exams on UnitedHealth Group’s consolidated income tax returns for fiscal years 2012 and prior. UnitedHealth Group’s 2013 tax return is under advance review by the IRS under its Compliance Assurance Program. With the exception of a few states, UnitedHealth Group is no longer subject to income tax examinations prior to 2008 in major state and foreign jurisdictions. For taxable periods ending on or prior to February 8, 2012, the Company’s federal taxable income was included in a federal consolidated tax return with XLHealth and its eligible subsidiaries. As of December 31, 2013, the Company is subject to examination by the Internal Revenue Service (IRS) for the 2011 calendar year and 2012 short year ending February 8, 2012. The Company does not believe any adjustments that may result from these examinations will be material to the Company.

G. **Tax Contingencies** — Not applicable.

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10. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AND AFFILIATES

A–L. Material Related Party Transactions

Pursuant to the terms of a Management Agreement (the "Agreement"), XLHealth will provide management services to the Company under a fee structure, which is based on a percentage of net revenues representing XLHealth's expenses for services or use of assets provided to the Company. Management fees under this arrangement totaled $322,156 and $233,253 in 2013 and 2012, respectively, and are included in general administrative expenses, claims adjustment expenses, and net investment income earned in the accompanying statutory basis statements of operations. Direct expenses not included in the management agreement, such as house calls and state income taxes, are paid by XLHealth on behalf of the Company. XLHealth is reimbursed by the Company for these direct expenses.

Management believes that its transactions with affiliates are fair and reasonable; however, operations of the Company may not be indicative of those that would have occurred if it had operated as an independent company.

The Company contracts with United Behavioral Health, a subsidiary of OptumHealth Holdings LLC, to provide medical services related to behavioral health management and behavioral health claims processing for its enrollees. Fees related to this agreement, which are calculated on a per claim basis, of $26,275 and $11,872 in 2013 and 2012, respectively are included in hospital and medical expenses in the accompanying statutory basis statements of operations.

Effective January 1, 2013, the Company contracts with OptumRx to provide personal health products catalogues showing the healthcare products and benefit credits needed to redeem the respective products. OptumRx will mail the appropriate personal health products' catalogues to the Company's members and manage the personal health products credit balance. OptumRx also distributes personal health products to individual members based upon the terms of the agreement. Fees related to this agreement in 2013 and 2012, which are calculated on a per member per month (PMPM) basis of $2,567 and $0, respectively are included in hospital and medical expenses in the accompanying statutory basis statements of operations.

The Company holds a $100,000 subordinated revolving credit agreement with UnitedHealth Group at an interest rate of London Interbank Offered Rate plus a margin of 0.50%. This credit agreement is subordinate to the extent it does not conflict with any credit facility held by either party. The aggregate principal amount that may be outstanding at any time shall not exceed $100,000. The credit agreement is for a one-year term and automatically renews annually, unless terminated by either party. The agreement was effective January 1, 2013. No amounts were outstanding under the line of credit as of December 31, 2013.

At December 31, 2013 and 2012, the Company reported $2 and $2, respectively, as receivables from parent, subsidiaries and affiliates and $2,350 and $0, respectively, as amounts due to parent, subsidiaries, and affiliates, which are included in the statutory basis statements of admitted assets, liabilities, and capital and surplus. These balances are generally settled within 30 days from the incurred date. Any balances due to the Company that are not settled within 90 days are considered nonadmitted assets. The receivable from parents, subsidiaries, and affiliates as of December 31, 2013 were greater than 90 days and were nonadmitted.

The Company has entered into a Tax Sharing Agreement with UnitedHealth Group (see Note 9).

The Company paid dividends of $40,000 and $0 in 2013 and 2012, respectively, to its parent (see Note 13).

The Company does not have any amount deducted from the value of an upstream intermediate entity or ultimate parent owned, either directly or indirectly, via a downstream subsidiary, controlled, or affiliated entity.

The Company does not have any investments in a subsidiary, controlled, or affiliated entity that exceeds 10% of admitted assets.

The Company does not have any investments in impaired subsidiary, controlled, or affiliated entities.

The Company does not have any investments in foreign insurance subsidiaries.

The Company does not hold any investments in a downstream noninsurance holding company.

The Company has not extended any guarantees or undertakings for the benefit of an affiliate or related party.

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11. DEBT

A–B. The Company had no outstanding debt with third parties or outstanding federal home loan bank agreements during 2013 and 2012.

12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES, AND OTHER POSTRETIREMENT BENEFIT PLANS

A–I. The Company has no defined benefit plans, defined contribution plans, multiemployer plans, consolidated/holding company plans, postemployment benefits, and compensated absences plans and is not impacted by the Medicare Modernization Act on postretirement benefits, since all personnel are employees of XLHealth, which provides services to the Company under the terms of a management agreement (see Note 10).

13. CAPITAL AND SURPLUS, SHAREHOLDERS’ DIVIDEND RESTRICTIONS, AND QUASI-REORGANIZATIONS

(1–2) The Company has 200,000 shares authorized and 100,000 shares issued and outstanding of $20 par value common stock. The Company has no preferred stock outstanding. All issued and outstanding shares of common stock are held by the Company’s parent, XLHealth.

(3) Payment of dividends may be restricted by the Department, which generally requires that dividends be paid out of accumulated surplus.

(4) The Company paid an ordinary cash dividend to XLHealth of $40,000 on June 11, 2013, which required no approval and was recorded as a reduction to unassigned surplus in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus.

(5) The amount of ordinary dividends that may be paid out during any given period are subject to certain restrictions as specified by state statute.

(6) There are no restrictions placed on the Company’s unassigned surplus.

(7) The Company is not a mutual reciprocal or a similarly organized entity and does not have advances to surplus not repaid.

(8) The Company does not hold any stock, including stock of affiliated companies for special purposes, such as conversion of preferred stock, employee stock options, or stock purchase warrants.

(9) The Company does not have any special surplus funds.

(10) The portion of unassigned funds represented or (reduced by) each item below is as follows:

	2013	2012	Change
Net deferred income taxes	$ 20,115	$ 10,277	$ 9,838
Nonadmitted assets	(56,430)	(28,698)	(27,732)
Correction of errors	(7,679)	-	(7,679)
Total	$ (43,994)	$ (18,421)	$ (25,573)

(11-13) The Company does not have any outstanding surplus notes and has never been a party to a quasi-reorganization.

14. CONTINGENCIES

A. Contingent Commitments

The Company has no contingent commitments.

B. Assessments

The Company is not aware of any assessments, potential or accrued, that could have a material financial effect on the operations of the entity.

C. Gain Contingencies

The Company is not aware of any gain contingencies that should be disclosed in the statutory basis financial statements.

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits — Not applicable.

E. All Other Contingences

Because of the nature of its businesses, the Company is frequently made party to a variety of legal actions and regulatory inquiries, including class actions and suits brought by members, care providers, consumer advocacy organizations, customers and regulators, relating to the Company's businesses, including management and administration of health benefit plans and other services.

The Company records liabilities for its estimates of probable costs resulting from these matters where appropriate. Estimates of costs resulting from legal and regulatory matters involving the Company are inherently difficult to predict, particularly where the matters: involve indeterminate claims for monetary damages or may involve fines, penalties or punitive damages; present novel legal theories or represent a shift in regulatory policy; involve a large number of claimants or regulatory bodies; are in the early stages of the proceedings; or could result in a change in business practices. Accordingly, the Company is often unable to estimate the losses or ranges of losses for those matters where there is a reasonable possibility or it is probable that a loss may be incurred. Although the outcomes of any such legal actions cannot be predicted, in the opinion of management, the resolution of any currently pending or threatened actions will not have a material adverse effect on the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus or statutory basis statements of operations of the Company.

The Company's business is regulated at the federal, state, and local levels. The laws and rules governing the Company's business and interpretations of those laws and rules are subject to frequent change. Broad latitude is given to the agencies administering those regulations. Further, the Company must obtain and maintain regulatory approvals to market and sell many of its products.

The Company has been, or is currently involved in various governmental investigations, audits and reviews. These include routine, regular and special investigations, audits and reviews by CMS, state insurance and health and welfare departments and other governmental authorities. Certain of the Company's businesses have been reviewed or are currently under review, including for, among other things, compliance with coding and other requirements under the Medicare risk-adjustment model.

RADV Audit — CMS adjusts capitation payments to Medicare Advantage plans and Medicare Part D plans according to the predicted health status of each beneficiary as supported by data from health care providers. The Company collects claim and encounter data from providers, who the Company generally relies on to appropriately code their claim submissions and document their medical records. CMS then determines the risk score and payment amount for each enrolled member based on the health care data submitted and member demographic information.

CMS and the Office of Inspector General for Health and Human Services periodically perform RADV audits of selected Medicare health plans to validate the coding practices of and supporting documentation maintained by health care providers. Such audits have in the past resulted and could in the future result in retrospective adjustments to payments made to the Company, fines, corrective action plans or other adverse action by CMS.

In February 2012, CMS announced a final Risk Adjustment Data Validation (RADV) audit and payment adjustment methodology and that it will conduct RADV audits beginning with the 2011 payment year. These audits involve a review of medical records maintained by care providers and may result in retrospective adjustments to payments made to health plans. CMS has not communicated how the final payment adjustment under its methodology will be implemented.

Health Reform Legislation and the related federal and state regulations will continue to impact how the Company does business and could restrict revenue and enrollment growth in certain products and market segments, restrict premium growth rates for certain products and market segments, increase the Company's medical and administrative costs, expose the Company to an increased risk of liability (including increasing our liability in federal and state courts for coverage determinations and contract interpretation), or put the Company at risk for loss of business. In addition, the Company's statutory basis results of operations, financial condition and cash flows could be materially adversely affected by such changes. The Health Reform Legislation may create new or expand existing opportunities for business growth, but due to its complexity, the impact of the Health Reform Legislation remains difficult to predict and is not yet fully known.

There are no assets that the Company considers to be impaired at December 31, 2013 and 2012.

F. The Company routinely evaluates the collectability of all receivable amounts included within the statutory basis statements of admitted assets, liabilities, and capital and surplus. Impairment reserves are established for those amounts where collectability is uncertain. Based on the Company's past experience, exposure related to uncollectible balances and the potential of loss for those balances not currently reserved for is not material to the Company's statutory basis financial condition.

15. LEASES

A–B. According to the management agreement between the Company and XLHealth (see Note 10), operating leases for the rental of office facilities and equipment are the responsibility of XLHealth. Fees associated with the lease agreements are included as a component of the Company's management fee.

16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

(1–4) The Company does not hold any financial instruments with off-balance-sheet risk or concentrations of credit risk.

17. SALE, TRANSFER, AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

A–C. The Company did not participate in any transfer of receivables, financial assets, or wash sales.

18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

A–B. The Company has no operations from Administrative Services Only Contracts or Administrative Services Contract in 2013 and 2012.

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract

The Medicare Part D program is a partially insured plan. The Company recorded a payable of $2,694 at December 31, 2013 and a receivable of $18,291 at December 31, 2012 for cost reimbursements under the Medicare Part D program for the catastrophic reinsurance and low-income member cost-sharing subsidies as described in Note 1, *Amounts Receivable Relating to Uninsured Plans and Liability for Amounts Held Under Uninsured Plans*. The Company also recorded a receivable of $4,013 and $976 and also a payable of $4,989 and $963 at December 31, 2013 and 2012, respectively, for the Medicare Part D Coverage Gap Discount Program as described in Note 1, *Amounts Receivable Relating to Uninsured Plans and Liability for Amounts Held Under Uninsured Plans.*

19. DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD-PARTY ADMINISTRATORS

The Company did not have any direct premiums written or produced by managing general agents or third-party administrators.

20. FAIR VALUE MEASUREMENT

The NAIC SAP defines fair value, establishes a framework for measuring fair value, and outlines the disclosure requirements related to fair value measurements. The fair value hierarchy is as follows:

Level 1 — Quoted (unadjusted) prices for identical assets in active markets.

Level 2 — Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets in active markets
- Quoted prices for identical or similar assets in nonactive markets (few transactions, limited information, noncurrent prices, high variability over time, etc.)
- Inputs other than quoted prices that are observable for the asset (interest rates, yield curves, volatilities, default rates, etc.)
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 — Unobservable inputs that cannot be corroborated by observable market data.

The estimated fair values of bonds and short-term investments are based on quoted market prices, where available. The Company obtains one price for each security, primarily from a third-party pricing service (“pricing service”), which generally uses quoted prices or other observable inputs for the determination of fair value. The pricing service normally derives the security prices through recently reported trades for identical or similar securities, making adjustments through the reporting date based upon available observable market information. For securities not actively traded, the pricing service may use quoted market prices of comparable instruments or discounted cash flow analyses, incorporating inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies include, but are not limited to, non-binding broker quotes, benchmark yields, credit spreads, default rates, and prepayment speeds. As the Company is responsible for the determination of fair value, it performs quarterly analyses on the prices received from the pricing service to determine whether the prices are reasonable estimates of fair value. Specifically, the Company compares the prices received from the pricing service to a secondary pricing source, prices reported by its custodian, its investment consultant, and third-party investment advisors. Additionally, the Company compares changes in the reported market values and returns to relevant market indices to test the reasonableness of the reported prices. The Company’s internal price verification procedures and review of fair value methodology documentation provided by independent pricing services have not historically resulted in an adjustment in the prices obtained from the pricing service.

In instances in which the inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest-level input that is significant to the fair value measurement in its entirety. The Company’s assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset or liability.

A. Fair Value

(1 - 5) The Company does not have any financial assets that are measured and reported at fair value on the statutory basis statements of admitted assets, liabilities, and capital and surplus at December 31, 2013 and 2012.

B. Fair Value Combination — Not applicable.

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C. The aggregate fair value by hierarchy of all financial instruments as of December 31, 2013 and 2012 is presented in the table below:

	2013					
Types of Financial Investment	**Aggregate Fair Value**	**Admitted Assets**	**(Level 1)**	**(Level 2)**	**(Level 3)**	**Not Practical Carrying Value**
U.S. government and agency securities	$ 228,229	$ 228,855	$ 178,567	$ 49,662	$ -	$ -
State and agency municipalities	28,127	28,008	-	28,127	-	-
City and county municipalities	44,954	44,777	-	44,954	-	-
Corporate debt securities	89,073	89,289	-	89,073	-	-
Money-market funds	132,076	132,076	132,076	-	-	-
Total bonds and short-term investments	522,459	523,005	310,643	211,816	$ -	$ -

	2012					
Types of Financial Investment	**Aggregate Fair Value**	**Admitted Assets**	**(Level 1)**	**(Level 2)**	**(Level 3)**	**Not Practical Carrying Value**
U.S. government and agency securities	$ 121,339	$ 121,120	$ 64,709	$ 56,630	$ -	$ -
Money-market funds	30,571	30,571	30,571	-	-	-
Total bonds and short-term investments	151,910	151,691	95,280	56,630	$ -	$ -

Included as Level 1 in U.S. government and agency securities in the fair value hierarchy table above are U.S. Treasury securities of $178,567 and $64,709 as of December 31, 2013 and 2012, respectively. These instruments are reflected in bonds in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

There are no commercial paper included in corporate debt securities in the fair value hierarchy table as of December 31, 2013 and 2012.

D. **Not Practicable to Estimate Fair Value** — Not applicable.

21. OTHER ITEMS

The Company elected to use rounding in reporting amounts in the notes to statutory basis financial statements.

A. The Company did not encounter any extraordinary items for the years ended December 31, 2013 or 2012.

B. The Company has no troubled debt restructurings as of December 31, 2013 or 2012.

C. The Company does not have any amounts not recorded in the statutory basis financial statements that represent segregated funds held for others. The Company also does not have any exposures related to forward commitments.

D. The Company has not received any business interruption insurance recoveries during 2013 and 2012.

E. The Company has no transferrable or non-transferable state tax credits.

F. **Sub-Prime Mortgage-Related Risk Exposure**

(1) The investment policy for the Company limits investments in asset-backed securities, which includes the sub-prime issuers. Further, the policy limits investments in private-issuer mortgage securities to 10% of the portfolio, which also includes sub-prime issuers. The exposure to unrealized losses on sub-prime issuers is due to changes in market prices. There are no realized losses due to not receiving anticipated cash flows. The investments covered are rated NAIC rating of 1 or 2.

(2) The Company has no direct exposure through investments in subprime mortgage loans.

(3) The Company has no direct exposure through other investments.

(4) The Company has no underwriting exposure to sub-prime mortgage risk through mortgage guaranty or financial guaranty insurance coverage.

G. The Company does not have any retained asset accounts for beneficiaries.

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H. The Company does not have any offsetting or netting assets and liabilities as it relates to derivatives, repurchase and reverse repurchase, and securities borrowing and securities lending.

22. SUBSEQUENT EVENTS

TYPE I – Recognized Subsequent Events:

Subsequent events have been evaluated through February 28, 2014, which is the date these statutory basis financial statements were available for issuance.

There are no events subsequent to December 31, 2013, that require disclosure.

TYPE II – Nonrecognized Subsequent Events:

Subsequent events have been evaluated through February 28, 2014, which is the date these statutory basis financial statements were available for issuance.

On January 1, 2014, the Company will be subject to an annual fee under section 9010 of the Affordable Care Act ("ACA"). This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of the health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1, 2014. As of December 31, 2013, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2014, and estimates their portion of the annual health insurance industry fee payable on September 30, 2014 to be $36,324. The Company's Authorized Control Level RBC ("ACL RBC") ratio was 470% as of December 31, 2013. If the ACA assessment was recognized as a liability as of December 31, 2013, the ACL RBC ratio would have been 420%.

A. ACA fee assessment payable	$	36,324
B. Assessment expected to impact RBC		50 %

Effective January 1, 2014, the Company entered into a management agreement with UHS. This agreement has been approved by the Department and will replace the previous agreement with XLHealth. UHS will provide similar services to the Company under a revised fee structure that is changing from a percentage of net revenues to a direct charge based on UHS' expenses for services or use of assets provided to the Company. The Company anticipates the impact of this change to be a significant reduction to the amounts previously reported as general administrative expenses and claims adjustment expenses. However, the Company is unable to accurately estimate the financial impact of this change at this time.

The Company has entered into a Medicare prescription drug benefit administration agreement with an affiliated entity, OptumRx, Inc., with services to commence effective January 1, 2014. This agreement has been approved by the Department and will replace the previous agreement with Express Scripts, formally Medco Health Solutions, Inc. The Company does not anticipate this change will have a significant impact on the statutory basis financial statements.

There are no other events subsequent to December 31, 2013 that require disclosure.

23. REINSURANCE

The Company does not have any unaffiliated reinsurance agreements (external reinsurance) in place as of December 31, 2013.

Reinsurance Agreements — In the normal course of business, the Company seeks to reduce potential losses that may arise from catastrophic events that cause unfavorable underwriting results by reinsuring certain levels of such risk with other nonaffiliated reinsurers. The Company remains primarily liable as the direct insurer on all risks reinsured.

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- Effective January 1, 2012, the Company carried aggregate stop-loss reinsurance under a contract with United States Fire Insurance Company, which terminated on December 31, 2012. The Company reduced losses that may arise from catastrophic claims that cause unfavorable underwriting results by reinsuring levels of risk. The contract covered 90% of claims in excess of $400 up to $1,000 on a per member, per year basis and 100% of claims in excess of $1,000 up to $5,000 on a per member, per year basis. The maximum benefit for each member per policy period was $4,540. Premiums ceded to the reinsurer under the aforementioned nonaffiliated contract was ($11) and $1,698 in 2013 and 2012, respectively, and are netted against net premium income in the statutory basis statements of operations. Reinsurance contracts do not relieve the Company from its obligations to policyholders. Failure of reinsurers to honor their obligations could result in losses to the Company.

The effect of the external reinsurance agreement outlined above on net premium income and hospital and medical expenses is as follows:

	2013	2012
Premiums:		
Direct	$ 2,470,930	$ 1,635,059
Ceded:		
Nonaffiliate	11	(1,698)
Net premium income	$ 2,470,941	$ 1,633,361
Hospital and medical expenses:		
Direct	$ 2,015,449	$ 1,171,587
Ceded:		
Nonaffiliate	252	(568)
Net hospital and medical expenses	$ 2,015,701	$ 1,171,019

The Company recognized reinsurance recoveries related to the external reinsurance agreement of ($252) and $568 in 2013 and 2012, respectively, which are recorded as net reinsurance recoveries in the accompanying statutory basis statements of operations. In addition, reinsurance recoverables related to the external reinsurance agreement of $56 and $620 for paid losses are recorded as amounts recoverable from reinsurers and $0 and $103 for unpaid losses are recorded as a reduction to claims unpaid in 2013 and 2012, respectively, in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus.

A. Ceded Reinsurance Report

***Section 1* — General Interrogatories**

(1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the Company or by any representative, officer, trustee, or director of the Company?

Yes ( ) No (X)

(2) Have any policies issued by the Company been reinsured with a company chartered in a country other than the United States (excluding U.S. branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor, or any other person not primarily engaged in the insurance business?

Yes ( ) No (X)

***Section 2* — Ceded Reinsurance Report— Part A**

(1) Does the Company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?

Yes ( ) No (X)

(2) Does the reporting entity have any reinsurance agreements in effect that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes ( ) No (X)

***Section 3* — Ceded Reinsurance Report — Part B**

(1) What is the estimated amount of the aggregate reduction in surplus (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of all reinsurance agreements, by either party, as of the date of this statement? Where necessary, the Company may consider the current or anticipated experience of the business reinsured in making this estimate.

The Company estimates there should be no aggregate reduction in surplus for termination of reinsurance agreements as of December 31, 2013.

(2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the Company as of the effective date of the agreement?

Yes ( ) No (X)

B. **Uncollectible Reinsurance** — During 2013 and 2012, there were no uncollectible reinsurance recoverables.

C. **Commutation of Ceded Reinsurance** — There was no commutation of reinsurance in 2013 or 2012.

D. **Certified Reinsurer Rating Downgraded or Status Subject to Revocation –** Not applicable**.**

24. RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION

A. The Company estimates accrued retrospective premium adjustments for its group health insurance business based on mathematical calculations in accordance with contractual terms.

B. Estimated accrued retrospective premiums due to (from) the Company are recorded in aggregate health policy reserves in the statutory basis statements of admitted assets, liabilities, and capital and surplus and as an adjustment to change in unearned premium reserves and reserves for rate credits in the statutory basis statements of operations.

C. The Company has Medicare Part D program business which is subject to a retrospective rating feature related to Part D Premiums. The Company has estimated accrued retrospective premiums related to certain Part D premiums based on guidelines determined by CMS. The formula is tiered and based on the bid medical loss ratio. The amount of Part D direct premiums written subject to retrospective rating was $290,270 and $133,400 representing 11.7% and 8.1% of total direct premiums written for 2013 and 2012, respectively.

D. Pursuant to the Health Reform Legislation, the Company does not have any business subject to specific minimum loss ratio requirements as of December 31, 2013 and December 31, 2012 (see Note 14).

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25. CHANGE IN INCURRED CLAIMS AND CLAIMS ADJUSTMENT EXPENSES

Changes in estimates related to the prior year incurred claims are included in total hospital and medical expenses in the current year in the accompanying statutory basis statements of operations. The following tables disclose paid claims, incurred claims, and the balance in the claims unpaid, accrued medical incentive pool and bonus amounts, and health care receivable for 2013 and 2012:

	2013		
	Current Year Incurred Claims	**Prior Years Incurred Claims**	**Total**
Beginning of year claim reserve	$ -	$ (144,264)	$ (144,264)
Paid claims, net of health care receivable and reinsurance recoveries collected	1,949,986	68,844	2,018,830
End of year claim reserve	179,687	2,918	182,605
Incurred claims excluding the change in health care receivable and reinsurance recoverables as presented below	2,129,673	(72,502)	2,057,171
Beginning of year health care receivable, including reinsurance recoverables	-	44,868	44,868
End of year health care receivable, including reinsurance recoverables	(54,715)	(31,623)	(86,338)
Total incurred claims	$ 2,074,958	$ (59,257)	$ 2,015,701

	2012		
	Current Year Incurred Claims	**Prior Years Incurred Claims**	**Total**
Beginning of year claim reserve	$ -	$ (153,478)	$ (153,478)
Paid claims, net of health care receivable and reinsurance recoveries collected	1,101,341	84,929	1,186,270
End of year claim reserve	142,386	1,878	144,264
Incurred claims excluding the change in health care receivable and reinsurance recoverables as presented below	1,243,727	(66,671)	1,177,056
Beginning of year health care receivable, excluding reinsurance recoverables	-	38,211	38,211
End of year health care receivable, excluding reinsurance recoverables	(33,573)	(10,675)	(44,248)
Total incurred claims	$ 1,210,154	$ (39,135)	$ 1,171,019

The liability for claims unpaid, accrued medical incentive pool and bonus amounts, aggregate health claim reserves, and health care receivable as of December 31, 2012 were $99,396. As of December 31, 2013, $68,844 has been paid for incurred claims attributable to insured events of prior years. Reserves remaining for prior years, net of healthcare receivable and reinsurance recoverables are ($28,705) as a result of re-estimation of unpaid claims. Therefore, there has been $59,257 favorable prior year development since December 31, 2012 to December 31, 2013. The primary drivers consist of favorable development as a result of a change in the provision for adverse deviations in experience of $7,750, favorable development of $44,389 in retroactivity for inpatient, outpatient, physician, and pharmacy claims, a favorable development for pharmacy rebates of $13,326 and an unfavorable development for Part D retroactivity of ($6,470). At December 31, 2012, the Company recorded $39,135 of favorable development related to claims recovery activity as the actual dollars retracted for 2011 and prior dates of service has exceeded estimates as of December 31, 2011. The remainder of the favorable development is related to revisions to originally estimated ultimate incurred losses. Original estimates are increased or decreased, as additional information becomes known regarding individual claims. Included in this favorable development is the impact related to retrospectively rated policies. As a result of the prior year effects, on a regular basis, the Company adjusts revenue and the corresponding liability and/or receivable related to retrospectively rated policies and the impact of the change is included as a component of change in reserve for rate credits in the statutory basis statements of operations.

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The Company incurred claims adjustment expenses of $36,730 and $102,464 in 2013 and 2012, respectively. These costs are included in the management service fees paid by the Company to XLHealth as a part of its management agreement (see Note 10). The following tables disclose paid CAE, incurred CAE, and the balance in the unpaid claim adjustment expenses reserve for 2013 and 2012:

	2013	2012
Total claims adjustment expenses incurred	$ 36,730	$ 102,464
Less current year unpaid claims adjustment expenses	(3,278)	(2,661)
Add prior year unpaid claims adjustment expenses	2,661	2,585
Total claims adjustment expenses paid	$ 36,113	$ 102,388

26. INTERCOMPANY POOLING ARRANGEMENTS

A–G. The Company did not have any intercompany pooling arrangements in 2013 or 2012.

27. STRUCTURED SETTLEMENTS

A–B. The Company did not have structured settlements in 2013 or 2012.

28. HEALTH CARE RECEIVABLE

A. Pharmaceutical rebates receivable are recorded when reasonably estimated or billed by the pharmaceutical benefit manager in accordance with pharmaceutical rebate contract provisions. Information used to support rebates billed to the manufacturer is based on utilization information gathered by the pharmaceutical benefit manager and adjusted for significant changes in pharmaceutical contract provisions.

The Company evaluates admissibility of all pharmacy rebates receivable based on the administration of the underlying pharmaceutical benefit management agreement. The Company has non-admitted all pharmacy rebate receivables that do not meet the admissibility criteria from the statutory basis statements of admitted assets, liabilities, and capital and surplus.

For the Company's pharmaceutical management agreement for which a portion of the total pharmacy rebates receivable can be admitted based on the admissibility criteria, the transaction history is summarized as follows:

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received within 90 Days of Billing	Actual Rebates Received within 91 to 180 Days of Billing	Actual Rebates Received More than 180 Days After Billing
12/31/2013	$ 19,405	$ -	$ -	$ -	$ -
9/30/2013	19,095	11,859	-	-	-
6/30/2013	18,205	9,386	9,386	-	-
3/31/2013	9,760	9,763	9,763	-	-
12/31/2012	7,430	7,521	-	7,521	4,625
9/30/2012	8,331	8,423	8,423	-	3,396
6/30/2012	7,249	7,335	7,335	-	3,535
3/31/2012	8,341	8,437	8,437	-	347
12/31/2011	8,128	8,128	8,128	1,207	193
9/30/2011	7,815	7,815	7,815	-	1,172
6/30/2011	7,437	7,437	7,437	-	710
3/31/2011	7,132	7,132	7,132	-	64

Of the amount reported as health care receivable, $31,264 and $15,853 relates to pharmaceutical rebate receivables as of December 31, 2013 and 2012, respectively. This increase is primarily due to increased membership along with the change in generic/name brand mix.

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B. The Company estimates risk-sharing receivables based on the contractual terms.

The following table summarizes the collection history of risk-sharing receivables:

Calendar Year	Evaluation Period Year Ending	Risk Sharing Receivable as Estimated in the Prior Year	Risk Sharing Receivable as Estimated in the Current Year	Risk Sharing Receivable Billed	Risk Sharing Receivable Not Yet Billed	Actual Risk Sharing Amounts Received in Year Billed	Actual Risk Sharing Amounts Received First Year Subsequent	Actual Risk Sharing Amounts Received Second Year Subsequent	Actual Risk Sharing Amounts Received - All Other
2013	2013	$ 2,325	$ 233	$ 2,558	$ -	$ 2,558	$ -	$ -	$ -
	2014	XXX	$ 1,770	XXX	XXX	XXX	XXX	XXX	XXX
2012	2012	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	2013	XXX	$ 2,325	XXX	XXX	XXX	XXX	XXX	XXX
2011	2011	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	2012	XXX	$ -	XXX	XXX	XXX	XXX	XXX	XXX

The Company also admitted $1,770 and $2,325 for risk share receivables based on contractual terms for dental benefits and $556 and $1,035 for claim overpayment receivables due from providers in 2013 and 2012, respectively, which are included in health care receivable in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

29. PARTICIPATING POLICIES

The Company did not have any participating contracts in 2013 or 2012.

30. PREMIUM DEFICIENCY RESERVES

The Company has not recorded any premium deficiency reserves as of December 31, 2013 or 2012. This analysis of the premium deficiency reserve was completed as of December 31, 2013 and 2012. The Company did consider anticipated investment income when calculating the premium deficiency reserve.

The following table summarizes the Company's premium deficiency reserves as of December 31, 2013 and 2012:

	2013
1. Liability carried for premium deficiency reserves	$ -
2. Date of the most recent evaluation of this liability	12/31/2013
3. Was anticipated investment income utilized in this calculation?	Yes [X] No [ ]

	2012
1. Liability carried for premium deficiency reserves	$ -
2. Date of the most recent evaluation of this liability	12/31/2012
3. Was anticipated investment income utilized in this calculation?	Yes [X] No [ ]

31. ANTICIPATED SALVAGE AND SUBROGATION

Due to the type of business being written, the Company has no salvage. As of December 31, 2013 and 2012, the Company had no specific accruals established for outstanding subrogation, as it is considered a component of the actuarial calculations used to develop the estimates of claims unpaid and aggregate health claim reserves.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES
GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No [ ]
If yes, complete Schedule Y, Parts 1, 1A and 2

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [ ] N/A [ ]

1.3 State Regulating? ARKANSAS

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [X]

2.2 If yes, date of change:

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2008

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2008

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 12/22/2009

3.4 By what department or departments?
Arkansas Department of Insurance

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [X] No [ ] N/A [ ]

3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [ ] N/A [ ]

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.11 sales of new business? Yes [ ] No [X]
4.12 renewals? Yes [ ] No [X]

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.21 sales of new business? Yes [ ] No [X]
4.22 renewals? Yes [ ] No [X]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]

5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [X]

6.2 If yes, give full information:

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [ ] No [X]

7.2 If yes,
7.21 State the percentage of foreign control; 0.0 %
7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [ ] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [X] No [ ]

8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC
Optum Bank, Inc.	Salt Lake City, Utah	NO	NO	YES	NO

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Baker Tilly Virchow Krause, LLP 225 S Sixth Street, Ste 2300 Minneapolis, MN 55402

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [ ] No [X]

10.2 If the response to 10.1 is yes, provide information related to this exemption:

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [ ] No [X]

10.4 If the response to 10.3 is yes, provide information related to this exemption:

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [ ] N/A [ ]

10.6 If the response to 10.5 is no or n/a, please explain

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Leslie Strassberg, FSA, MAAA Director of Actuarial Services United Healthcare 351 West Camden Street Baltimore, MD 21201

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ ] No [X]

12.11 Name of real estate holding company

12.12 Number of parcels involved 0

12.13 Total book/adjusted carrying value $ 0

12.2 If, yes provide explanation:

13. **FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [ ]

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ]

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [ ]

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]

(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
(c) Compliance with applicable governmental laws, rules and regulations;
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
(e) Accountability for adherence to the code.

14.11 If the response to 14.1 is No, please explain:

14.2 Has the code of ethics for senior managers been amended? Yes [X] No [ ]

14.21 If the response to 14.2 is yes, provide information related to amendment(s).
Non-material modifications were made to the UnitedHealth Group Code of Conduct in Q3 2013.

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [X]

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

GENERAL INTERROGATORIES

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [ ] No [X]

15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes [X] No [ ]

17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [X] No [ ]

18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict with the official duties of such person? Yes [X] No [ ]

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [X]

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers $ 0
- 20.12 To stockholders not officers $ 0
- 20.13 Trustees, supreme or grand (Fraternal Only) $ 0

20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers $ 0
- 20.22 To stockholders not officers $ 0
- 20.23 Trustees, supreme or grand (Fraternal Only) $ 0

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [X]

21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others $ 0
- 21.22 Borrowed from others $ 0
- 21.23 Leased from others $ 0
- 21.24 Other $ 0

22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [ ] No [X]

22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment $ 0
- 22.22 Amount paid as expenses $ 0
- 22.23 Other amounts paid $ 0

23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ ] No [X]

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: $ 0

INVESTMENT

24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes [X] No [ ]

24.02 If no, give full and complete information relating thereto

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
N/A

24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [ ] No [ ] N/A [X]

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. $ 0

24.06 If answer to 24.04 is no, report amount of collateral for other programs. $ 0

24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [ ] No [ ] N/A [X]

24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [ ] No [ ] N/A [X]

24.09 Does the reporting entity or the reporting entity 's securities lending agent utilize the Master Securities lending Agreement (MSLA) to conduct securities lending? Yes [ ] No [ ] N/A [X]

GENERAL INTERROGATORIES

24.10 For the reporting entity's security lending program state the amount of the following as December 31 of the current year:

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. $ 0
24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 $ 0
24.103 Total payable for securities lending reported on the liability page. $ 0

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes [X] No [ ]

25.2 If yes, state the amount thereof at December 31 of the current year:

25.21 Subject to repurchase agreements $ 0
25.22 Subject to reverse repurchase agreements $ 0
25.23 Subject to dollar repurchase agreements $ 0
25.24 Subject to reverse dollar repurchase agreements $ 0
25.25 Pledged as collateral $ 0
25.26 Placed under option agreements $ 0
25.27 Letter stock or other securities restricted as to sale $ 0
25.28 On deposit with state or other regulatory body $ 4,485,118
25.29 Other $ 0

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [ ] No [X]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ] No [ ] N/A [X]
If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [ ] No [X]

27.2 If yes, state the amount thereof at December 31 of the current year. $ 0

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]

28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
Northern Trust	50 S. LaSalle, Chicago, IL 60675
Bank of New York Mellon	Global Liquidity Services, 1 Wall St, 14th Floor, New York NY 10286

28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [X] No [ ]
28.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
	Bank of New York Mellon	03/15/2013	New custody
Goldman Sachs	Northern Trust	07/01/2013	Economics

28.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
107738	Goldman Sachs	200 West Street New York, NY 10282

GENERAL INTERROGATORIES

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5(b)(1)])? Yes [ ] No [X]

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999 - Total		0

29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	523,004,869	522,458,515	(546,354)
30.2 Preferred stocks	0	0	0
30.3 Totals	523,004,869	522,458,515	(546,354)

30.4 Describe the sources or methods utilized in determining the fair values:

For those securities that had prices in the NAIC SVO ISIS database, those prices were used; for those securities that did not have prices in the NAIC SVO ISIS database, pricing was obtained from HUB which is an external data sources vendor. HUB utilizes various pricing sources.

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [ ] No [X]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [ ] No [ ]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No [ ]

32.2 If no, list exceptions:

GENERAL INTERROGATORIES

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $ 0

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid

34.1 Amount of payments for legal expenses, if any? $ 0

34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $ 0

35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ ] No [X]

1.2 If yes, indicate premium earned on U.S. business only. $ 0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? $ 0

1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above $ 0

1.5 Indicate total incurred claims on all Medicare Supplement Insurance. $ 0

1.6 Individual policies:

Most current three years:

1.61 Total premium earned $ 0
1.62 Total incurred claims $ 0
1.63 Number of covered lives 0

All years prior to most current three years:

1.64 Total premium earned $ 0
1.65 Total incurred claims $ 0
1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned $ 0
1.72 Total incurred claims $ 0
1.73 Number of covered lives 0

All years prior to most current three years:

1.74 Total premium earned $ 0
1.75 Total incurred claims $ 0
1.76 Number of covered lives 0

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	2,470,940,594	1,633,361,127
2.2	Premium Denominator	2,470,940,594	1,633,361,127
2.3	Premium Ratio (2.1/2.2)	1.000	1.000
2.4	Reserve Numerator	203,677,701	158,769,305
2.5	Reserve Denominator	203,677,701	158,769,305
2.6	Reserve Ratio (2.4/2.5)	1.000	1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes [ ] No [X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes [X] No [ ]

4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [ ] No [X]

5.1 Does the reporting entity have stop-loss reinsurance? Yes [ ] No [X]

5.2 If no, explain:

Stop-loss reinsurance is not required given the nature of the products currently written by the Company and the underlying provider contracts contain hold-harmless clauses.

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical $ 0
5.32 Medical Only $ 0
5.33 Medicare Supplement $ 0
5.34 Dental & Vision $ 0
5.35 Other Limited Benefit Plan $ 0
5.36 Other $ 0

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

Hold harmless clauses in provider agreements

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes [X] No [ ]

7.2 If no, give details

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year 22,463
8.2 Number of providers at end of reporting year 23,589

9.1 Does the reporting entity have business subject to premium rate guarantees? Yes [ ] No [X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months $ 0
9.22 Business with rate guarantees over 36 months $ 0

GENERAL INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes [X] No [ ]

10.2 If yes:

10.21 Maximum amount payable bonuses	$	3,810,276
10.22 Amount actually paid for year bonuses	$	3,748,736
10.23 Maximum amount payable withholds	$	0
10.24 Amount actually paid for year withholds	$	0

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,	Yes [ ] No [X]
11.13 An Individual Practice Association (IPA), or,	Yes [ ] No [X]
11.14 A Mixed Model (combination of above)?	Yes [X] No [ ]

11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes [X] No [ ]

11.3 If yes, show the name of the state requiring such net worth. Arkansas

11.4 If yes, show the amount required. $ 145,034,704

11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes [ ] No [X]

11.6 If the amount is calculated, show the calculation

200% of RBC Authorized Control Level; however should the Company trigger the RBC trend test through underwriting losses, then the Company's minimum requirement would change to 300% of RBC Authorized Control Level.

12. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
Arkansas
Alabama
Colorado
Georgia
Florida
Illinois
Indiana
Iowa
Kansas
Kentucky
Maine
Massachusetts
Missouri
New Jersey
New Hampshire
New Mexico
New York
North Carolina
Ohio
Oklahoma
Pennsylvania
South Carolina
Texas
Virginia
Washington

13.1 Do you act as a custodian for health savings accounts? Yes [ ] No [X]

13.2 If yes, please provide the amount of custodial funds held as of the reporting date. $ 0

13.3 Do you act as an administrator for health savings accounts? Yes [ ] No [X]

13.4 If yes, please provide the balance of funds administered as of the reporting date. $ 0

FIVE-YEAR HISTORICAL DATA

		1 2013	2 2012	3 2011	4 2010	5 2009
	Balance Sheet (Pages 2 and 3)					
1.	Total admitted assets (Page 2, Line 28)	565,861,329	502,425,732	369,624,354	231,192,422	183,116,300
2.	Total liabilities (Page 3, Line 24)	225,316,500	177,849,097	193,789,793	129,183,059	111,085,507
3.	Statutory surplus	145,034,704	90,065,236	107,075,609	82,935,795	0
4.	Total capital and surplus (Page 3, Line 33)	340,544,829	324,576,635	175,834,559	102,009,362	72,030,793
	Income Statement (Page 4)					
5.	Total revenues (Line 8)	2,464,372,875	1,649,234,962	1,350,722,727	924,036,682	745,346,933
6.	Total medical and hospital expenses (Line 18)	2,015,701,117	1,171,019,089	1,010,708,629	773,284,761	616,812,401
7.	Claims adjustment expenses (Line 20)	36,730,441	102,464,085	104,012,408	76,533,053	60,905,155
8.	Total administrative expenses (Line 21)	287,128,013	137,560,910	106,922,865	79,889,899	77,139,462
9.	Net underwriting gain (loss) (Line 24)	124,813,304	238,190,878	129,078,825	(5,671,031)	(9,510,085)
10.	Net investment gain (loss) (Line 27)	793,361	203,919	(91,461)	(212,884)	(517,643)
11.	Total other income (Lines 28 plus 29)	(332,559)	1,252,804	(663,325)	(709,798)	(2,593,226)
12.	Net income or (loss) (Line 32)	81,542,130	162,313,659	98,698,580	(4,919,040)	(11,188,187)
	Cash Flow (Page 6)					
13.	Net cash from operations (Line 11)	64,161,198	129,423,509	181,235,767	(8,417,064)	(47,968,937)
	Risk-Based Capital Analysis					
14.	Total adjusted capital	340,544,829	324,576,635	175,834,559	102,009,362	72,030,793
15.	Authorized control level risk-based capital	72,517,352	45,032,618	38,936,585	30,158,471	24,154,418
	Enrollment (Exhibit 1)					
16.	Total members at end of period (Column 5, Line 7)	210,819	99,712	83,665	68,544	43,384
17.	Total members months (Column 6, Line 7)	2,269,423	1,108,862	924,562	700,810	482,570
	Operating Percentage (Page 4) (Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18.	Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19.	Total hospital and medical plus other non-health (Lines 18 plus Line 19)	81.8	71.0	74.8	83.7	82.8
20.	Cost containment expenses	0.8	3.3	4.0	4.5	3.3
21.	Other claims adjustment expenses	0.7	2.9	3.7	3.8	4.9
22.	Total underwriting deductions (Line 23)	94.9	85.6	90.4	100.6	101.3
23.	Total underwriting gain (loss) (Line 24)	5.1	14.4	9.6	(0.6)	(1.3)
	Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24.	Total claims incurred for prior years (Line 13, Col. 5)	40,759,494	76,131,144	90,428,857	87,521,465	102,250,850
25.	Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	100,016,380	115,267,029	90,094,198	89,082,006	103,589,199
	Investments In Parent, Subsidiaries and Affiliates					
26.	Affiliated bonds (Sch. D Summary, Line 12, Col. 1)	0	0	0	0	0
27.	Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)	0	0	0	0	0
28.	Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	0	0	0	0	0
29.	Affiliated short-term investments (subtotal included in Schedule DA Verification, Col. 5, Line 10)	0	0	0	0	0
30.	Affiliated mortgage loans on real estate	0	0	0	0	0
31.	All other affiliated	0	0	0	0	0
32.	Total of above Lines 26 to 31	0	0	0	0	0
33.	Total investment in parent included in Lines 26 to 31 above.	0	0	0	0	0

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes [ ] No [ ]

If no, please explain:

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

		1	Direct Business Only							
			2	3	4	5	6	7	8	9
States, etc.		Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1. Alabama	AL	L	0	0	0	0	0	0	0	0
2. Alaska	AK	N	0	0	0	0	0	0	0	0
3. Arizona	AZ	N	0	0	0	0	0	0	0	0
4. Arkansas	AR	L	0	267,233,163	0	0	0	0	267,233,163	0
5. California	CA	N	0	0	0	0	0	0	0	0
6. Colorado	CO	L	0	0	0	0	0	0	0	0
7. Connecticut	CT	N	0	0	0	0	0	0	0	0
8. Delaware	DE	N	0	0	0	0	0	0	0	0
9. District of Columbia	DC	N	0	0	0	0	0	0	0	0
10. Florida	FL	L	0	0	0	0	0	0	0	0
11. Georgia	GA	L	0	1,013,583,299	0	0	0	0	1,013,583,299	0
12. Hawaii	HI	N	0	0	0	0	0	0	0	0
13. Idaho	ID	N	0	0	0	0	0	0	0	0
14. Illinois	IL	L	0	0	0	0	0	0	0	0
15. Indiana	IN	L	0	0	0	0	0	0	0	0
16. Iowa	IA	L	0	0	0	0	0	0	0	0
17. Kansas	KS	L	0	0	0	0	0	0	0	0
18. Kentucky	KY	L	0	0	0	0	0	0	0	0
19. Louisiana	LA	N	0	0	0	0	0	0	0	0
20. Maine	ME	L	0	0	0	0	0	0	0	0
21. Maryland	MD	N	0	0	0	0	0	0	0	0
22. Massachusetts	MA	L	0	0	0	0	0	0	0	0
23. Michigan	MI	N	0	0	0	0	0	0	0	0
24. Minnesota	MN	N	0	0	0	0	0	0	0	0
25. Mississippi	MS	N	0	0	0	0	0	0	0	0
26. Missouri	MO	L	0	286,613,991	0	0	0	0	286,613,991	0
27. Montana	MT	N	0	0	0	0	0	0	0	0
28. Nebraska	NE	N	0	0	0	0	0	0	0	0
29. Nevada	NV	N	0	0	0	0	0	0	0	0
30. New Hampshire	NH	L	0	0	0	0	0	0	0	0
31. New Jersey	NJ	L	0	0	0	0	0	0	0	0
32. New Mexico	NM	L	0	0	0	0	0	0	0	0
33. New York	NY	L	0	0	0	0	0	0	0	0
34. North Carolina	NC	L	0	0	0	0	0	0	0	0
35. North Dakota	ND	N	0	0	0	0	0	0	0	0
36. Ohio	OH	L	0	0	0	0	0	0	0	0
37. Oklahoma	OK	L	0	0	0	0	0	0	0	0
38. Oregon	OR	N	0	0	0	0	0	0	0	0
39. Pennsylvania	PA	L	0	0	0	0	0	0	0	0
40. Rhode Island	RI	N	0	0	0	0	0	0	0	0
41. South Carolina	SC	L	0	903,498,782	0	0	0	0	903,498,782	0
42. South Dakota	SD	N	0	0	0	0	0	0	0	0
43. Tennessee	TN	N	0	0	0	0	0	0	0	0
44. Texas	TX	L	0	0	0	0	0	0	0	0
45. Utah	UT	N	0	0	0	0	0	0	0	0
46. Vermont	VT	N	0	0	0	0	0	0	0	0
47. Virginia	VA	L	0	0	0	0	0	0	0	0
48. Washington	WA	L	0	0	0	0	0	0	0	0
49. West Virginia	WV	N	0	0	0	0	0	0	0	0
50. Wisconsin	WI	N	0	0	0	0	0	0	0	0
51. Wyoming	WY	N	0	0	0	0	0	0	0	0
52. American Samoa	AS	N	0	0	0	0	0	0	0	0
53. Guam	GU	N	0	0	0	0	0	0	0	0
54. Puerto Rico	PR	N	0	0	0	0	0	0	0	0
55. U.S. Virgin Islands	VI	N	0	0	0	0	0	0	0	0
56. Northern Mariana Islands	MP	N	0	0	0	0	0	0	0	0
57. Canada	CAN	N	0	0	0	0	0	0	0	0
58. Aggregate other alien	OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal		XXX	0	2,470,929,234	0	0	0	0	2,470,929,234	0
60. Reporting entity contributions for Employee Benefit Plans		XXX	0	0	0	0	0	0	0	0
61. Total (Direct Business)		(a) 25	0	2,470,929,234	0	0	0	0	2,470,929,234	0
DETAILS OF WRITE-INS										
58001.		XXX								
58002.		XXX								
58003.		XXX								
58998. Summary of remaining write-ins for Line 58 from overflow page		XXX	0	0	0	0	0	0	0	0
58999. Totals (Lines 58001 through 58003 plus 58998)(Line 58 above)		XXX	0	0	0	0	0	0	0	0

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

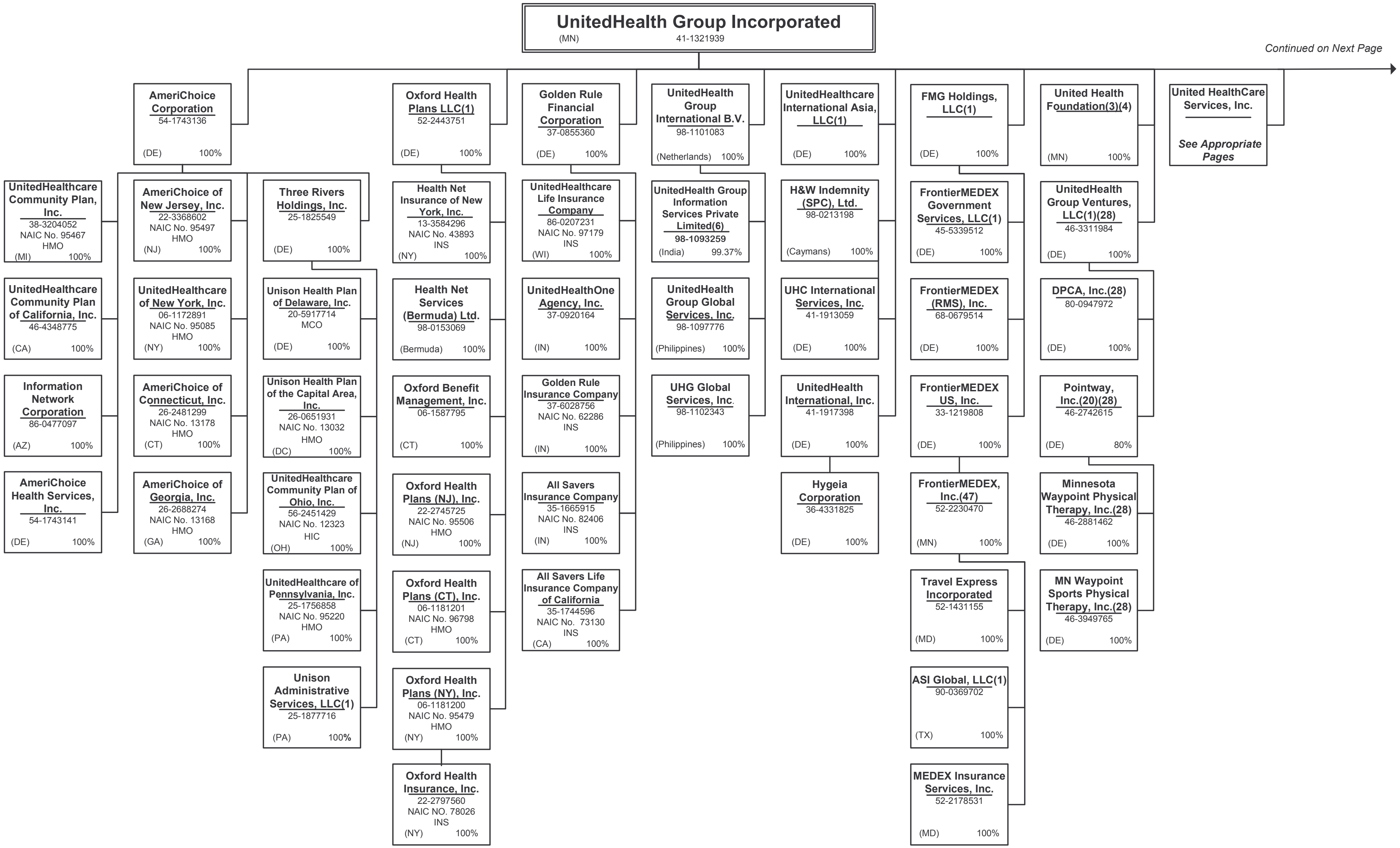
Explanation of basis of allocation by states, premiums by state, etc.

Premiums are allocated by state based on the residence of the member.

(a) Insert the number of L responses except for Canada and Other Alien.

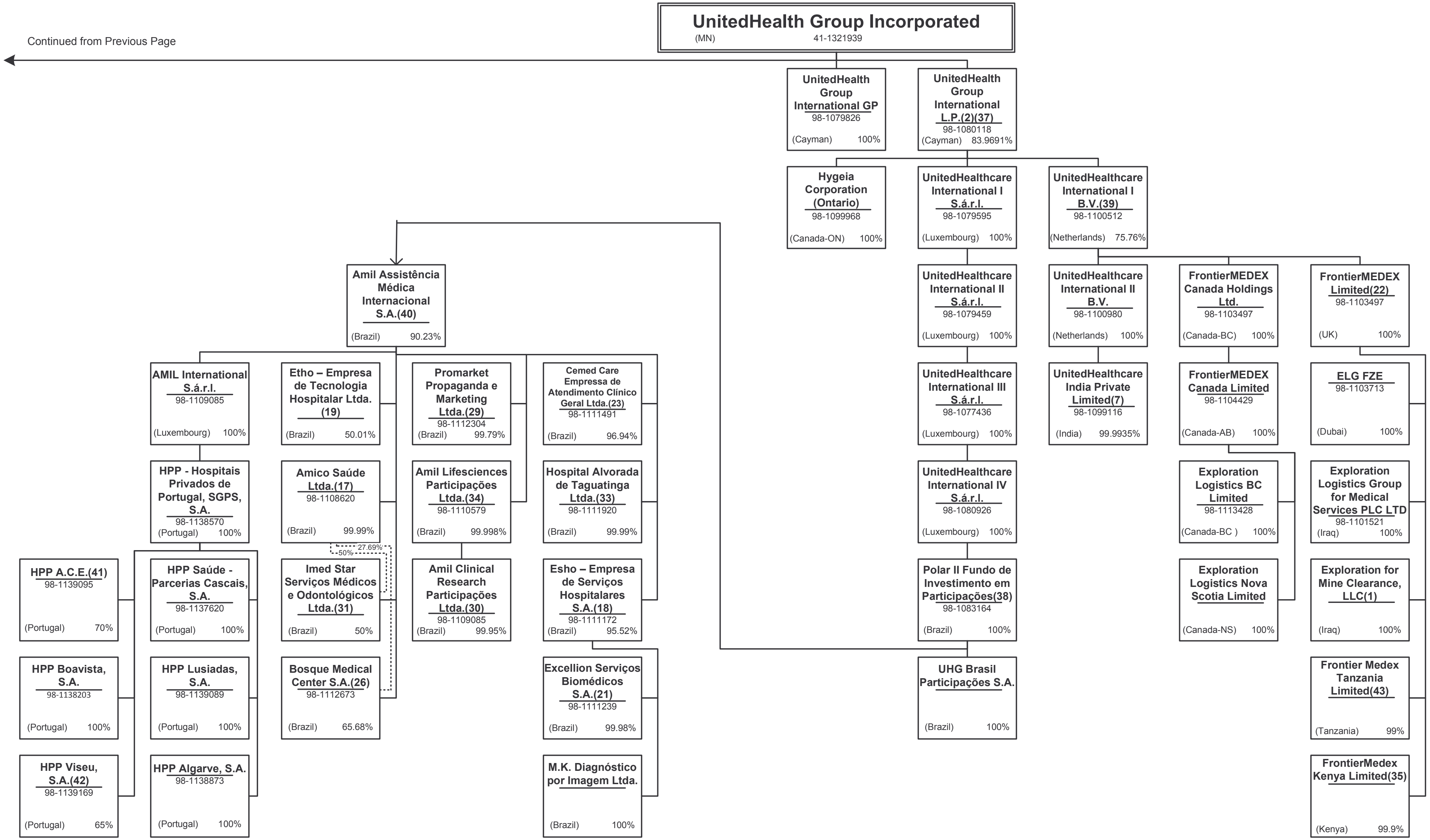
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



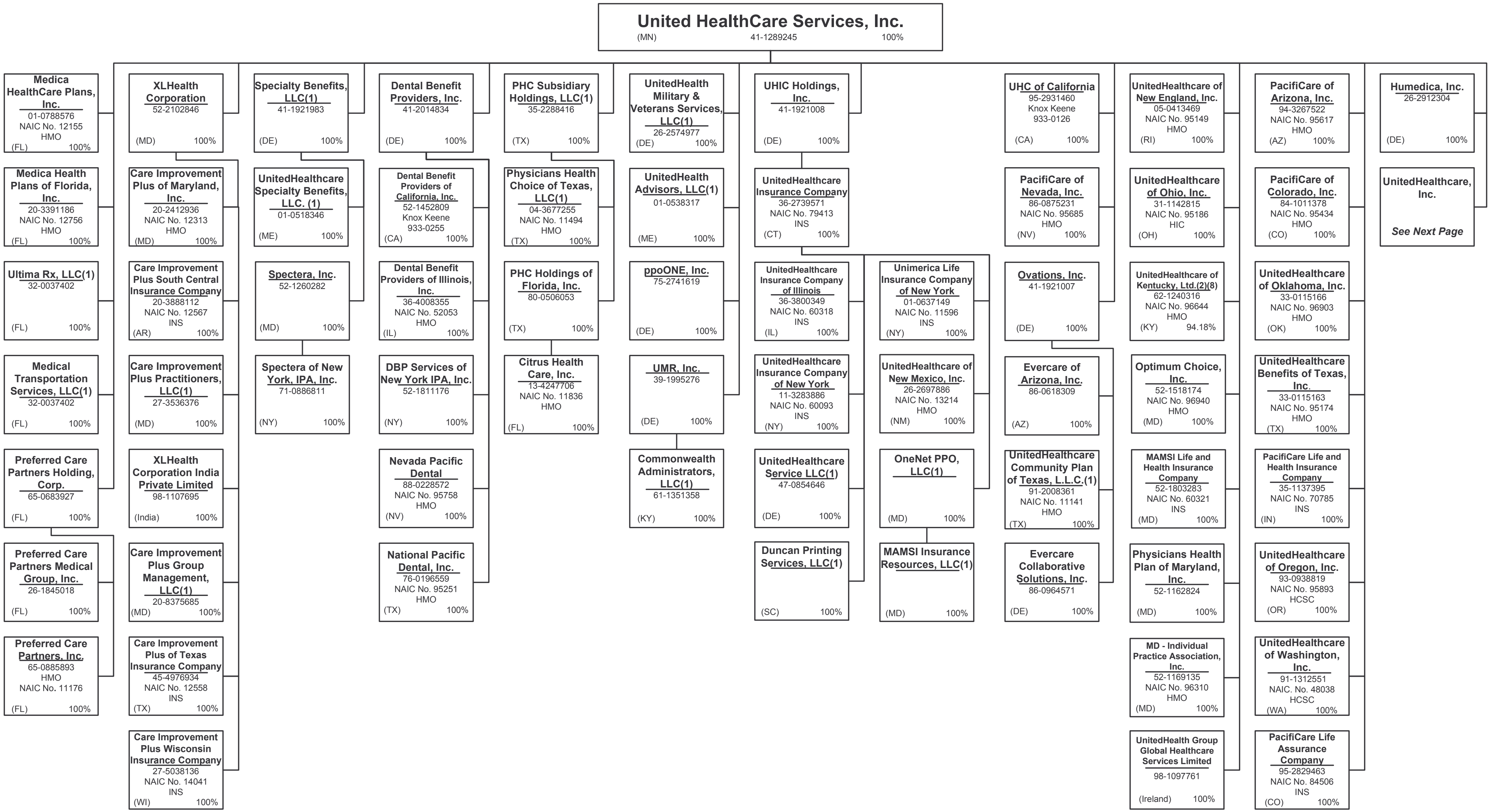
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



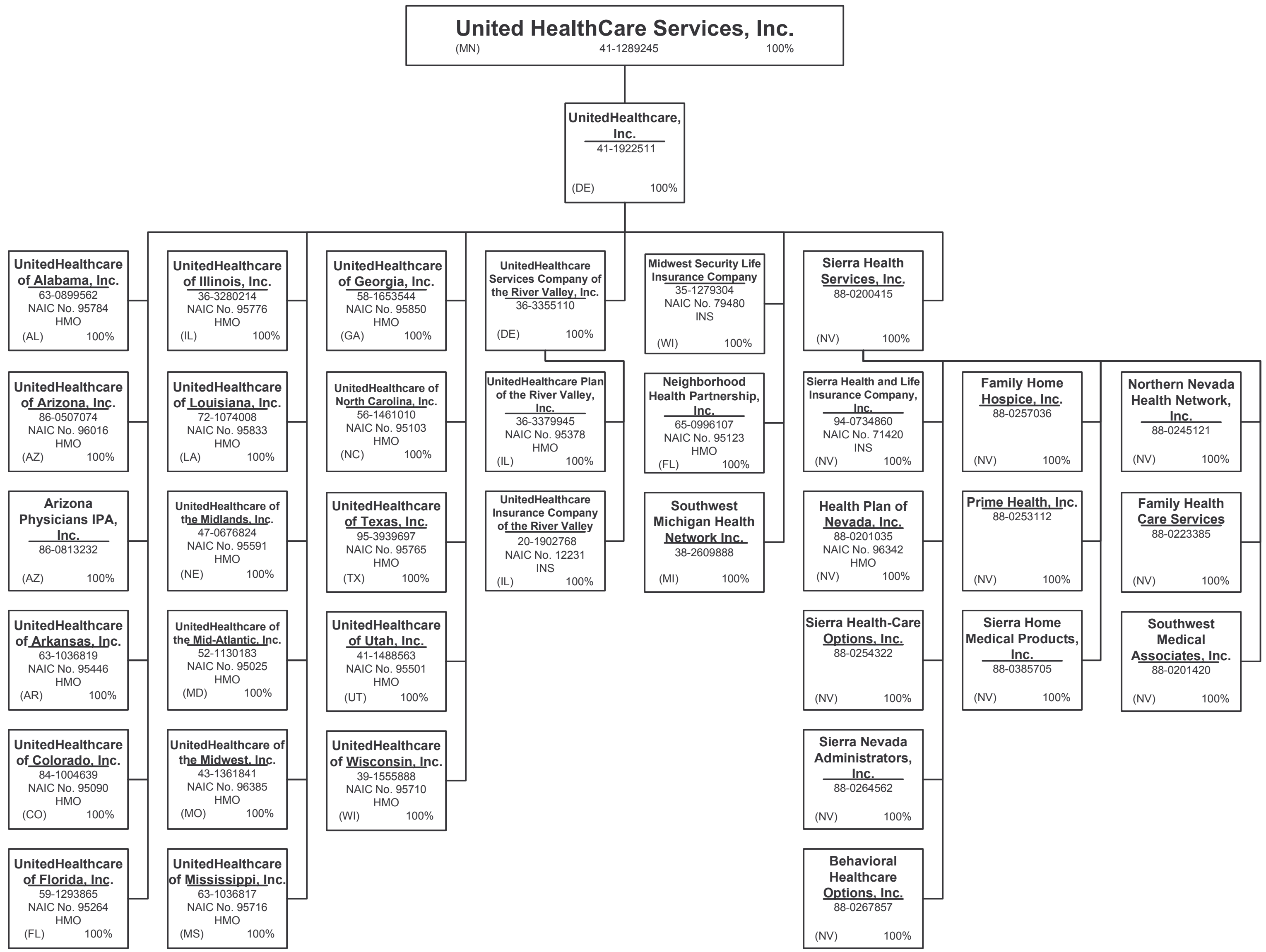
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



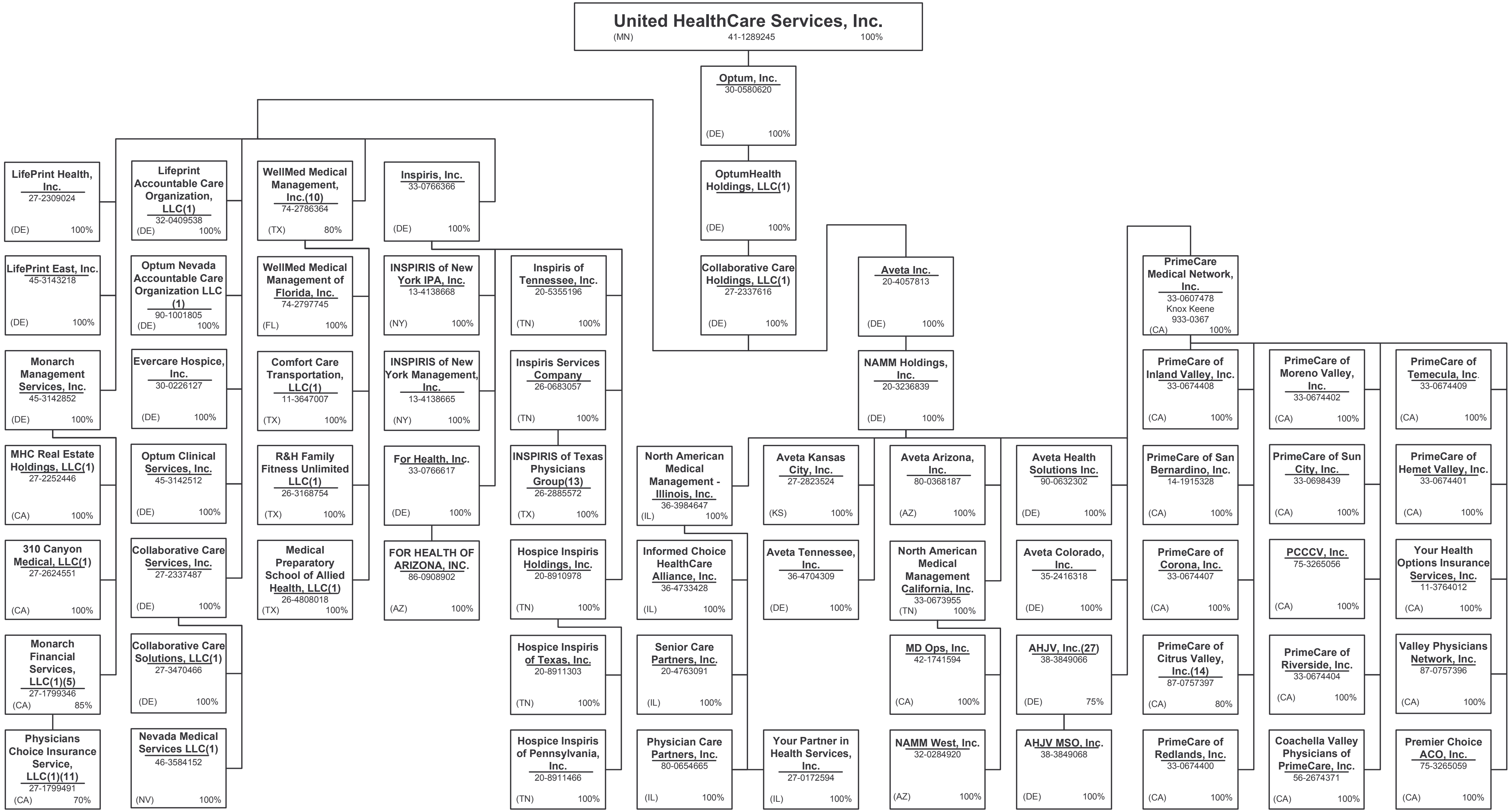
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



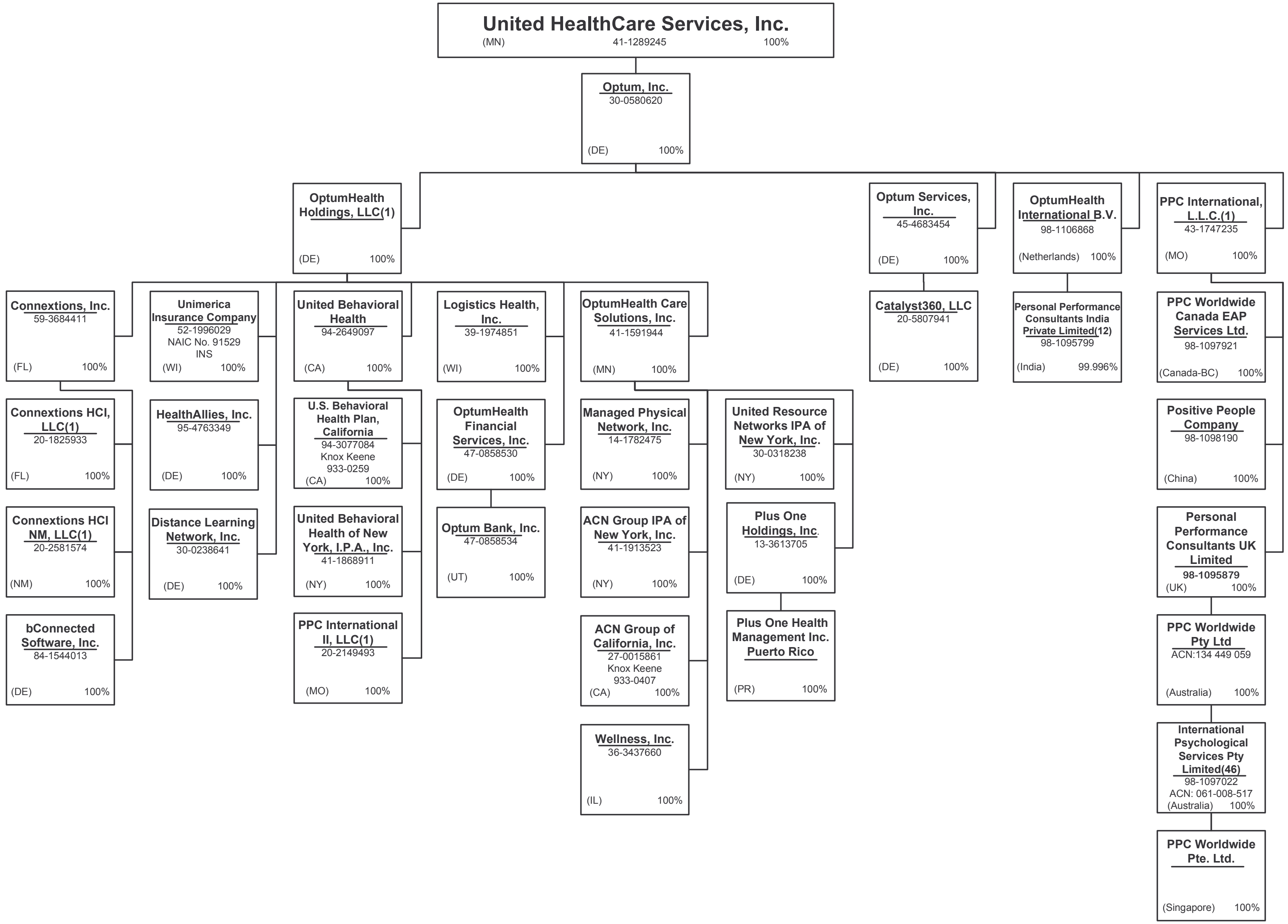
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



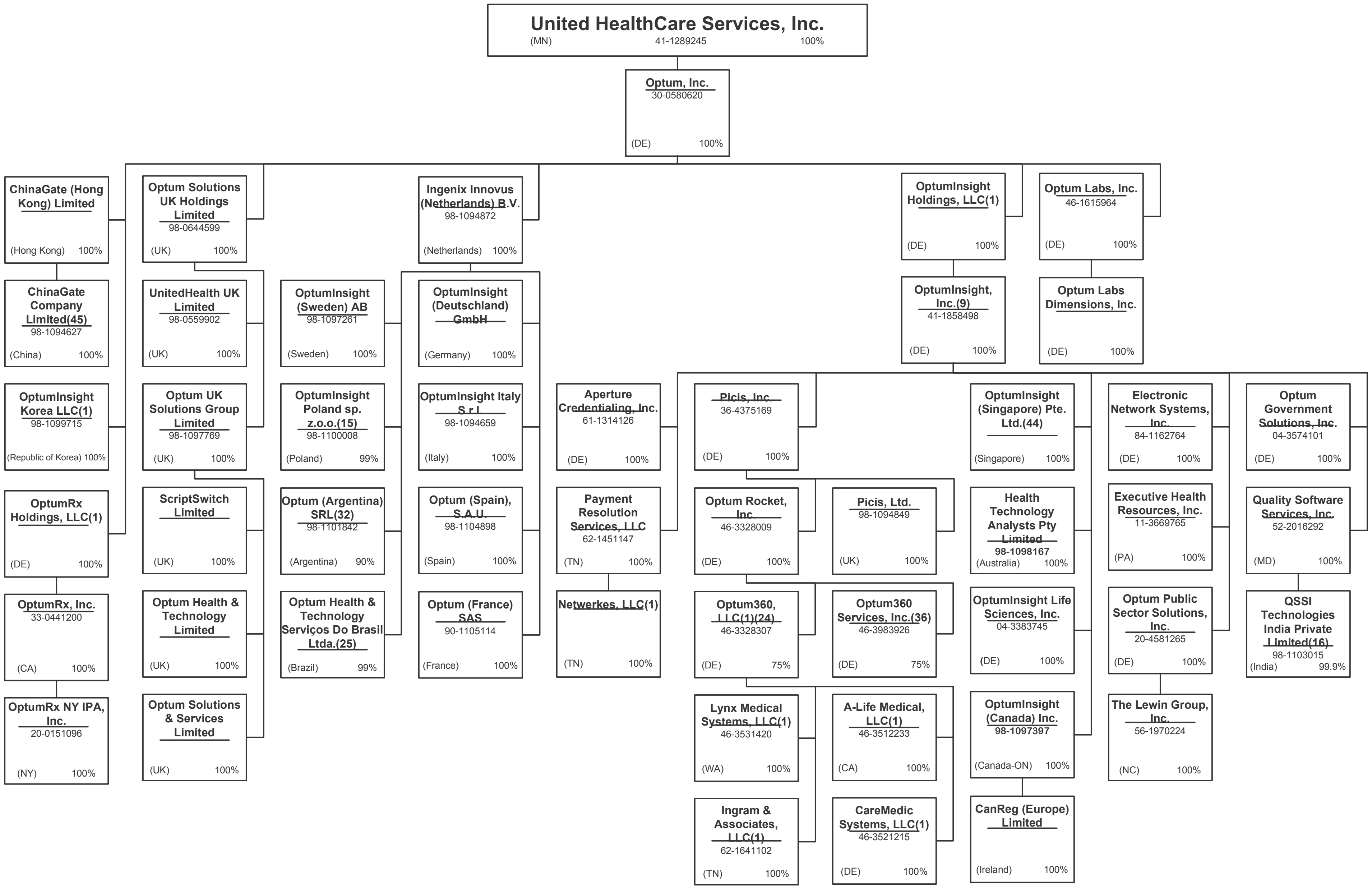
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

Notes

All legal entities on the Organization Chart are Corporations unless otherwise indicated.

(1) Entity is a Limited Liability Company

(2) Entity is a Partnership

(3) Entity is a Non-Profit Corporation

(4) Control of the Foundation is based on sole membership, not the ownership of voting securities

(5) Monarch Financial Services, LLC is 85% owned by Monarch Management Services, Inc. and 15% owned by external shareholders.

(6) UnitedHealth Group Information Services Private Limited is 99.37% owned by UnitedHealth Group International B.V.. The remaining 0.63% is owned by UnitedHealth International, Inc.

(7) United Healthcare India Private Limited is 99.9935% owned by UnitedHealthcare International II B.V. and 0.0048% owned by UnitedHealth International, Inc.

(8) General partnership interests are held by United HealthCare Services, Inc. (89.77%) and by UnitedHealthcare, Inc. (10.23%). United HealthCare Services, Inc. also holds 100% of the limited partnership interests. When combining general and limited partner interests, United HealthCare Services, Inc. owns 94.18% and UnitedHealthcare, Inc. owns 5.83%.

(9) Branch office located in Abut Dhabi, UAE.

(10) WellMed Medical Management, Inc. is 80% owned by Collaborative Care Holdings, LLC and 20% owned by WMG Healthcare Partners, L.P.

(11) Physicians Choice Insurance Service, LLC is 70% owned by Monarch Financial Services, LLC and 30% owned by external shareholders.

(12) Personal Performance Consultants India Private Limited is 99.996% owned by OptumHealth International B.V. and 0.004 % owned by United Behavioral Health.

(13) INSPIRIS of Texas Physicians Group is a Texas non-profit (taxable) whose sole member is Inspiris Services Company.

(14) PrimeCare of Citrus Valley, Inc. is 80% owned by PrimeCare Medical Network, Inc. and 20% owned by Citrus Valley Medical Associates, Inc.

(15) OptumInsight Poland sp. z.o.o. is 99% owned by Ingenix Innovus (Netherlands) B.V. The remaining 1% is owned by OptumInsight, Inc.

(16) QSSI Technologies India Private Limited is 99.9% owned by Quality Software Services, Inc. and 0.1% owned by an Indian citizen.

(17) Amico Saúde Ltda. is 99.99% owned by Amil Participações S.A. and the remaining percent is owner by and officer of Amil.

(18) Esho – Empresa de Serviços Hospitalares S.A is 95.52% owned by Amil Assistência Médica Internacional S.A.; 2.84% owned by Amico Saúde Ltda.; 0.0001% owned by Treasury Shares and 1.62% owned by external shareholders.

(19) Etho – Empresa de Technologia Hospitalar Ltda. 50.01% owned by Amil Assistência Médica Internacional S.A.and 49.99% owned by an external shareholder.

(20) Waypoint Holdings is 80% owned by UnitedHealth Group Ventures, LLC and 20% owned by external shareholders.

(21) Excellion Serviços Biomédicos S.A.is 99.98% owned by Esho – Empresa de Serviços Hospitalares S.A and 0.02% owned by external shareholders.

(22) Branch offices in Iraq and Uganda.

(23) Cemed Care Empressa de Atendimento Clínico Geral Ltda. Is 96.94% owned by Amil Assistência Médica Internacional S.A., 2.54% owned by Amico Saúde Ltd. and 0.53% owned by ASL Assistência a Saúde Ltda.

(24) Optum 360, LLC is 75% owned by Optum Rocket, Inc. and 25% owned by an external interest holder.

(25) Optum Health & Technology Serviços Do Brasil Ltda. is 99% owned by Ingenix Innovus (Netherlands) B.V. and 1 % owned by OptumInsight, Inc.

(26) Bosque Medical Center S.A. is 65.68% owned by Amil Assistência Médica Internacional S.A.; 27.69% owned by Amico Saúde Ltd. and 6.64% owned by Esho – Empresa de Serviços Hospitalares S.A..

(27) AHJV, Inc. is 75% owned by NAMM Holdings, Inc. and 25% owned by Humana, Inc.

(28) Entity is majority-owned by UHG or one of its affiliates. Corporate secretarial services for this entity are the responsibility of the portfolio company.

(29) Promarket Propaganda e Marketing Ltda.is 99.79% owned by Amil Assistência Médica Internacional S.A and 0.21% owned by Amico Saúde Ltd.

(30) Amil Clinical Research Participações Ltda. is 99.95% owned by Amil Lifesciences Participações Ltda. and .05% owned by an officer of Amil.

(31) Imed Star Serviços Médicos e Odontológicos Ltda.is 50% owned by Amil Assistência Médica Internacional S.A and 50% owned by Amico Saúde Ltd.

(32) Optum Argentina is 90% owned by Ingenix Innovus (Netherlands) BV and 10% owned by ScriptSwitch Holdings Limited.

(33) Hospital Alvorada Taguatinga Ltda. Is 99.99% owned by Amil Assistência Médica Internacional S.A. and the remaining percent is owned by an officer of Amil.

(34) Amil Lifesciences Participações Ltda. Is 99.998% owned by Amil Assistência Médica Internacional S.A and the remaining 0.002% is owned by an officer of Amil.

(35) FrontierMedex Kenya Limited is 99.9% owned by FromtierMEDEX Limited and 0.1% owned by a director of Frontier Medex Kenya Limited.

(36) Optum360 Services, Inc. is 75% owned by Optum Rocket, Inc. and 25% owned by an external interest holder.

(37) The limited partners of UnitedHealth Group International, L.P. include FMG Holdings, LLC (15.8303%), Hygeia Corporation (DE) (0.2006%) and UnitedHealth Group Incorporated (83.9691%). UnitedHealth Group International GP is the general partner of UnitedHealth Group International, L.P..

(38) Polar II Fundo de Investimento em Participações is a Brazilian private equity investment fund incorporated in the form of a closed-end condominium.

(39) UnitedHealthcare International I, B.V. is 75.76% owned by UnitedHealth Group International L.P. and 24.24% owned by UnitedHealth Group International B.V.

(40) Amil Assistência Médica Internacional S.A. is 90.23% owned by Polar II Fundo de Investimento em Participações and the remaining 9.77% is owned by the former controlling shareholders of Amil Participações S.A.

(41) HPP A.C.E. is 70% owned by HPP - Hospitais Privados de Portugal, SGPS, S.A. The remaining 30% is owned by (1) HPP Boavista, S.A.,(2) HPP Lusiadas, S.A., (3) HPP Algarve, S.A., (4) HPP Saúde - Parcerias Cascais, S.A., and (5) HPP Viseu, S.A.; each owning 6%.

(42) HPP Viseu, S.A. is 65% owned by HPP - Hospitais Privados de Portugal, SGPS, S.A.. The remaining 35% is jointly owned VISABEIRA Saúde - Serviços de Saúde, S.A.,VISABEIRA Participações Financeiras, SGPS, S.A., VISABEIRA Investimentos Financeiros SGPS, S.A. and Ciclorama - Estudos, Projectos e Produções, Lda.

(43) Frontier Medex Tanzania Limited is 99% owned by FrontierMEDEX Limited. The remaining 1% is owned by an officer of FrontierMEDEX Limited.

(44) Branch office located in Taiwan

(45) Liaison office located in Beijing.

(46) Branch office located in Hong Kong.

(47) Representative office in Beijing

OVERFLOW PAGE FOR WRITE-INS

Additional Write-ins for Underwriting and Investment Exhibit Part 3 Line 25

	Claim Adjustment Expenses		3	4	5
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
2504. Miscellaneous Losses	(38)	(33)	(68)	0	(139)
2505. Professional Fees/Consulting	6,496	5,636	11,603	0	23,735
2506. Sundry General Expenses	2,421,739	2,100,911	38,609,036	0	43,131,686
2597. Summary of remaining write-ins for Line 25 from overflow page	2,428,197	2,106,514	38,620,571	0	43,155,282

ALPHABETICAL INDEX

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ANNUAL STATEMENT BLANK (Continued)